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# COMMERCE

M A G A Z I N E

Drought Beside An Inland Sea? . . .

The Case For Diplomacy Plus Power

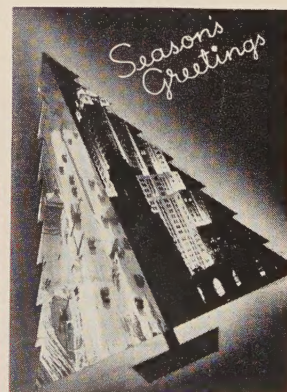
Everybody Loves State Street . . .

Steel and National Defense . . . . .

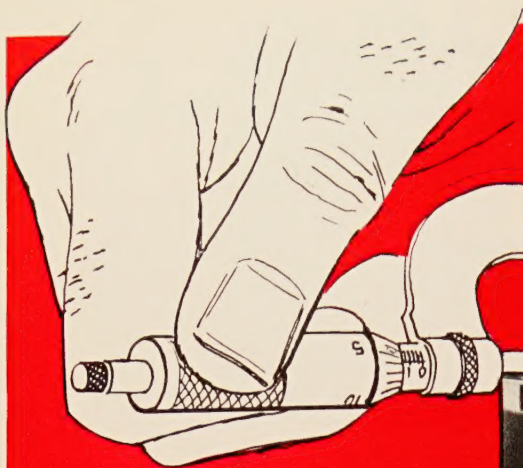
Is The U. S. Arming The Reds? . . .

DECEMBER, 1950

35 CENTS



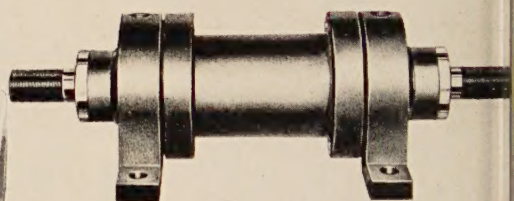
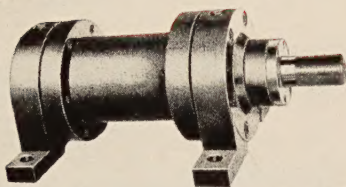
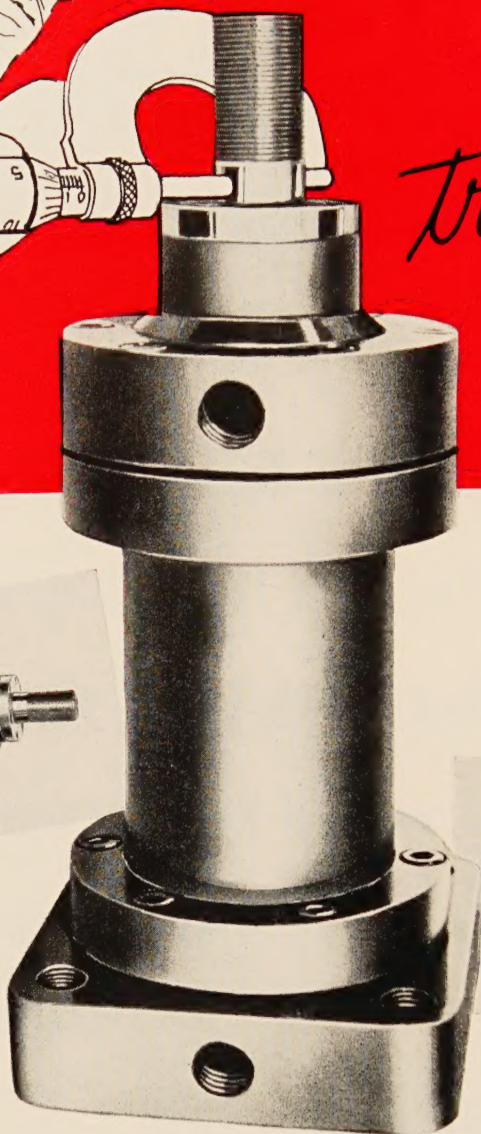




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## STATISTICS OF

# CHICAGO BUSINESS

	October, 1950	September, 1950	October, 1949
Building permits .....	773	662	
Cost .....	\$36,054,400	\$16,419,600	\$12,953,000
Contracts awarded on building projects, Cook Co. ....	1,505	1,767	
Cost .....	\$42,338,000	\$48,358,000	\$42,888,000
Real estate transfers .....	7,713	7,125	
Consideration .....	\$7,739,093	\$5,680,187	\$6,588,000
Department store sales index (Federal Reserve Board) (Daily average 1935-39=100) .....	236.9*	244.8	
Bank clearings .....	\$3,807,809,876	\$3,450,041,077	\$2,932,319,000
Bank debits to individual accounts: 7th Federal Reserve District .....	\$18,776,208,000	\$18,468,217,000	\$14,991,270,000
Chicago only .....	\$9,359,733,000	\$9,187,896,000	\$7,421,894,000
(Federal Reserve Board)			
Midwest Stock Exchange transactions: Number of shares traded .....	2,025,000	1,393,000	640,000
Market value of shares traded .....	\$53,399,249	\$40,997,334	\$16,755,000
Railway express shipments, Chicago area .....	1,070,725	1,002,995	1,266,000
Air express shipments, Chicago area .....	60,798	58,798	56,000
L.C.L. merchandise cars .....	23,794	22,376	22,000
Electric power production, kwh .....	1,153,696,000	1,067,346,000	952,877,000
Industrial gas sales, therms .....	10,241,347	9,112,030	7,999,000
Revenue passengers carried by Chicago Transit Authority Lines: Surface division .....	54,381,066	51,524,138	58,900,000
Rapid Transit division .....	12,657,009	11,637,734	12,866,000
Postal receipts .....	\$10,067,191	\$9,801,437	\$9,833,000
Air passengers: Arrivals .....	174,462	165,345	133,000
Departures .....	183,799	172,111	141,000
Livestock slaughtered under federal inspection .....	567,863	467,030	588,000
Families on relief rolls: Cook County .....	27,967	27,934	22,000
Other Illinois counties .....	17,140	17,506	19,000

\*Preliminary figure.

## JANUARY, 1951, TAX CALENDAR

Date Due	Tax	Returnable to
1	Application for state motor vehicle licenses and city vehicle stickers now past due	Secretary of State
1	Renew city business licenses which expired December 31, 1950	City Collector City Collector
15	Final payment of 1950 estimated tax by individuals. Last day for filing amended or first estimate for 1950 (or you may file a final 1950 return and pay the tax due)	Collector of Internal Revenue
15	Illinois Retailers' Occupation Tax return and payment for month of December, 1950.	Director of Revenue
31	Quarterly return and payment (by depository receipts or cash) of income taxes withheld by employers for last quarter of 1950 (Form 941); must be accompanied by W-3 (annual reconciliation form); also triplicate copies of Form W-2a (withholding receipt)	Collector of Internal Revenue
31	File Employer's Application for Termination of Coverage report, for employers who did not have employment experience in 1950 equal to 6 or more employes for 20 weeks. (Illinois Form UC-1C). Must be filed prior to February 1, 1951.	Director, Department of Labor
31	Illinois Unemployment Compensation contribution report and payment for fourth quarter of 1950 (Forms UC-3 and UC-40)	Director, Department of Labor
31	Federal Unemployment Compensation Tax for 1950. This tax amounts to .3 of 1% of the 1950 taxable payroll. Tax may be paid quarterly. (Form 940)	Collector of Internal Revenue
31	Federal Old Age Benefit Tax for last quarter of 1950, return and payment. (On first \$3,600 wages paid; Form 941)	Collector of Internal Revenue
31	Federal Excise Tax return and payment due for December, 1950	Collector of Internal Revenue
31	Employers who withheld more than \$100 of income taxes during previous month pay amount withheld to or remittance may be made with quarterly return directly to	Authorized Depository Collector of Internal Revenue



# COMMERCE

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## In This Issue . . .

New Yorkers learned last Summer what it is to live with a water shortage. They missed their baths one day a week, let their beards grow upon occasion, and watched professional rainmakers tinker with the clouds in efforts to refill dwindling reservoirs. Could Chicago, the city with the unlimited water supply, confront a similar crisis? The answer is "Yes," according to Daniel F. Nicholson, who has been investigating Chicago's water system. He finds it in dire need of new equipment, without which Chicago may even have a water shortage next Summer (p. 13).

Gen. Hoyt S. Vandenberg, chief of staff of the air forces, believes the United States can follow a "middle road" to armed peace. It would require skillful diplomacy plus military power adequate to deter warlike actions on the part of Communist nations. Gen. Vandenberg outlines his program beginning on page 15.

Fortunately, COMMERCE wound up its research on crowded State Street in advance of the Christmas shopping season. Taking a pulse-count on the world's most concentrated shopping thoroughfare is a formidable task even on "quiet" days. With the street teeming with humanity this month, it would be altogether possible to lose a whole army of researchers, say, in Goldblatt's basement alone. COMMERCE's report on State Street begins on page 16.

Elsewhere in this month's COMMERCE: John McWethy, Chicago bureau manager of the Wall Street Journal, reports on modern flavor testing for bigger profits (p. 18); Mitchell Gordon, another Wall Street Journal man stationed in Washington, reports on the Treasury's quick-shift on E-Bond sales promotion (p. 20); and Jack Robins reports, also from Washington, on Congress' growing curiosity over the transshipment of ECA goods (p. 21). COMMERCE's Speech of the Month (p. 23) by Joseph L. Block, vice chairman of Inland Steel Company, is entitled "Steel and National Defense."



# IN CHICAGO AND NORTHERN ILLINOIS....



## Industries have Room to Grow



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*A LETTER TO US . . . describing your requirements will bring you a careful analysis of this area's advantages as they apply to your business. Or, if you wish, we will send you a carefully screened list of the available buildings or sites that would be suitable for your operations, based on the information you give us. We keep all such inquiries confidential. Just write us.*

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# The Editor's Page

## The Honeymoon Is Over

UNTIL very recently the principal effect of the Korean war and the rearmament program had been to stimulate the entire economy. There was a rush for goods and almost everything was saleable. The fifth round of wage increases got well under way and sizeable advances were obtained by many workers without the cost of strikes. Agricultural and raw material prices, some of which had been sliding, began to advance. What had appeared to be burdensome surpluses in some commodities suddenly came to be viewed as precious and none too adequate stocks.

It is only within the last month or so that the headaches have begun to appear. Individuals have felt some crimping of buying power via increased taxes and tighter credit controls. A few factories have had to close briefly because of material shortages. Orders sharply restricting civilian use of several critical materials—rubber, cobalt, aluminum—have been issued. These were promulgated hastily and it is probable that no one could see the full extent of their repercussions. Some, by their severity, revealed inadequacy in stockpiling materials. It became painfully apparent that despite the freshness of World War II experience government stockpiles of aluminum, cobalt and natural rubber had not been built up sufficiently a year or two ago when the getting should have been easy. What it all boils down to is that the nation is bumping hard against its physical limitations in the choice between guns and butter.

The inescapable conclusion is that 1951 will be the year of painful adjustment. There will be more controls. No matter how wisely conceived and executed they will produce unforeseen results and probably will require correctives and invite more controls. Over the long pull, industry's new plans for expansion, which already call for greater expenditures than any previous year's growth, promise relief from the stresses and strains. But until this building, which is needed to meet the demands of a \$30 or \$40 billion military budget on top of record breaking civilian wants, is an accomplished fact 1950 promises to stand as the last year of "business almost as usual."

## The Search For Losses

EVIDENTLY every fleecy white cloud has its coal black lining. As the year-end approaches the brokerage fraternity is discovering that even a sustained bull market which has carried prices to 20 year highs has shortcomings. It seems that this year it takes a diligent search in behalf of investors to find securities which have declined and which, therefore, are useful vehicles to establish capital losses to offset capital gains.

This is indeed a woeful state of affairs. But even if the successful speculator or investor can find no com-

fort in the situation, Uncle Sam can. The Treasury Department should be able to chalk up a subnormal volume of loss offsets as one more gain from the federal policy of talking against inflation but acting to contribute to it.

## Goodwill (?) To Men

WE have been reading what purports to be a very hilarious article in the December Good Housekeeping in which a wife recites the agonizing consequences of her husband's Christmas shopping in her behalf. Allegedly, this husband has over the years purchased some of the most outlandish, unsightly and ill-fitting presents ever bestowed upon a woman.

His cardinal sin is his habit of latching onto a saleswoman with the statement, "Pardon me, Miss, but you are just my wife's size." With this uncertain yardstick, he has purchased everything from chiffon nighties (three sizes too large) to pork pie bonnets (which left his wife an awkward combination of middle-aged matron and teen-aged bobby soxer). Failing in the clothing field, this husband tried china. As his wife gleefully records, it matched nothing else in the house. Then he tried silverware. It matched, but upset the family budget well into the following Summer. And thus the lamentation goes, piling ridicule upon a persevering man who has never given up trying to please a woman.

We bring up this matter for it proves, certainly to us, that playing Santa Claus to a woman is one of the riskiest responsibilities of manhood. Here is one man who tried. With stern resolve he has even stormed the forbidden precincts of the lingerie department only to be cast down to abysmal defeat. He has learned, as have thousands of others like him, that it is ten times easier to draw to an inside straight than turn up Christmas morning with precisely the right token.

This lesson any man of experience has learned. It is the true man of distinction, however, who has acquired the savoir-faire to accept without visible tremor a necktie that could not have been designed by anyone but a ladies' milliner, a pair of flashy braces when he wears black belts, a beflowered pair of shorts which outrage all his masculine mores, or a Hollywood sport shirt especially styled for the adolescent trade.

Nothing short of the great goodwill of the Christmas season could possibly account for the quiet gallantry with which thousands of males accept such bizarre creations of those who lie in wait for the woman buying "something special" for her husband.

Merry Christmas. The exchange desk is two aisles over.

*Alan Sturdy*



# Thrill to the Taste...



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LUMBER SINCE 1883

# HERE-THERE and EVERYWHERE

● **Accolade For The Lady!** — Contrary to established male opinion, the American housewife has a better-than-average automobile accident record. She is safer behind the wheel, in fact, than most truck drivers, lawyers, entertainers and traveling salesmen. This has come to light in a survey of 1,500,000 passenger car operators by the State Farm Mutual Automobile Insurance Company which undertook to determine the relative safety records of 64 occupations. Among the safest drivers are bankers, farmers, aviators, clerks and school teachers. The five most dangerous classifications are students, military personnel, traveling salesmen, amusement workers and the unemployed.

● **Costly Civil Servants** — The average U.S. family this year is paying out \$402 to cover the salaries of government employes, according to the Northwestern National Life Insurance Company. The figure is based on a total 1950 public payroll of roughly 6,050,000 persons who will receive approximately \$16.5 billion in salaries against \$16 billion last year. Although the number of federal workers has been reduced this year, the decline has been more than offset by a 150,000 rise in the number of state and local government workers.

● **Variable Fleet Costs** — Next to salesmen's salaries, automobile expenses are probably the largest single item of expenditure incurred in sales activities. So believes Mr. Samuel J. Lee, president of the Fleet Management Corporation of Chicago, who has authored what is probably the most extensive volume on fleet management problems ever published. In "Automobile Transportation In Industry," Mr. Lee declares that it is a mystery why management has taken so long to recognize the tremendous costs

involved in fleet operations. Yet he adds, variations of as much as .02 cents, and even as high as .05 cents, per mile in automotive operating costs between different companies with essentially the same sales organization are by no means uncommon. "Automotive transportation," Mr. Lee believes, "presents what is probably the only field in business endeavor in which expenses can be greatly curtailed while efficiency is increased."


● **No Business Bypassed** — When a highway bypasses a community, is that community's business injured? Businessmen in 28 out of 100 cities answered "No" to this question when queried recently by the U.S. Chamber of Commerce. Eight cities (under 100,000 population) actually found business better after bypasses were established; 13 cities with populations from 200,000 to 800,000 found business unchanged and two noticed a business decline. Seven other cities had no comment on the matter, but, of these, five favored highway bypasses.

● **IQ Drug Flops** — A lot of headlines were made last year by what science prematurely called an "intelligence hormone" which, when taken by a subnormal child, was supposed to transform him into a Quiz Kid material. Well, you can scratch that miracle drug, reports "Chemical and Engineering News." The "intelligence hormone" — gamma aminobutyric acid — failed to step up the mental ability of animals who were tested at Stanford University and apparently climaxing this line of research once and for all, researchers were unable to find any correlation whatever between diet and IQ.

● **Outsized Garden Hose** — The United States Rubber Company has

(Continued on page 30)



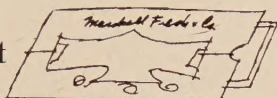


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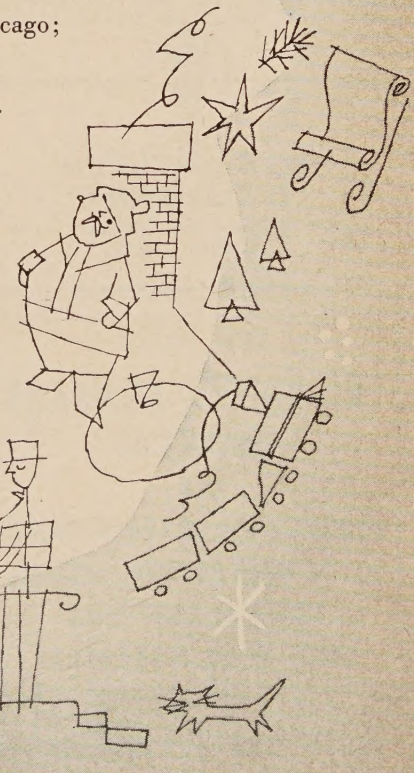
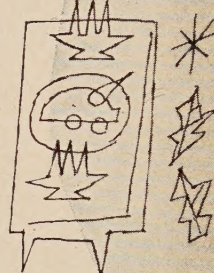
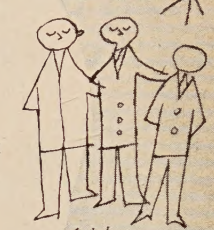
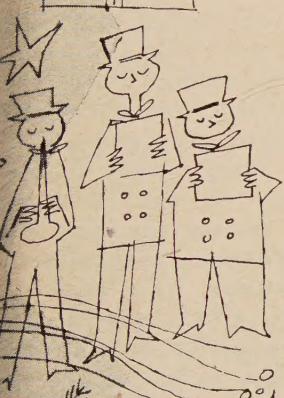
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## Trends in FINANCE and BUSINESS

### Biggest Dividend Year In History A Probability

The nation's stockholders appear to be headed for their biggest dividend year in history — at least in terms of 1950 dollars. Dividends paid on common stocks listed on the New York Stock Exchange totaled \$3,374,055,000 during the first nine months of this year, making it the best-paying period of its kind ever recorded. It was a rise of \$588,000,000 over the same 1949 period.

Four industrial groups headlined the nine-month dividend boom. Auto concerns paid \$472,941,000, a rise of \$197,956,000 over the 1949 period. Petroleum company dividends were up \$84,230,000 to \$430,476,000; chemical companies paid out \$399,771,000 or \$89,194,000 more than in 1949; and public utilities with disbursements well over \$500,000,000 surpassed last year's first three quarters by \$87,173,000. The fourth quarter should maintain the trend, in the opinion of the New York Exchange, which declares in its monthly publication, "High third-quarter net earnings have forecast a good 'special' dividend harvest toward the year end." The only cloud on the horizon is the possibility of an excess profits tax being imposed early next year, perhaps retroactive to October 1, 1950.

« « » »

### Vending Machines Collecting \$1 Billion This Year

The vending machine industry, which has never quite realized its dream of a nation solely given to coin-in-slot shopping, nevertheless continues to enjoy a steadily larger volume. At last month's convention of the National Automatic Merchandising Association in Chicago, it was estimated that Americans this year will pour

nearly a billion dollars worth of coins into vending machines dispensing everything from hot coffee to cold grape juice. According to the best industry guesses, this is about twice the vending machine volume of three years ago.

All is not rosy, however, with the nation's automatic vending Merchandise and servicing costs have skyrocketed so fast since the war that 40 percent of 2500 machine operators who were in business in 1946 — and brightly expecting the dawn of the "automatic merchandising age" — are now out of business. The big trouble has been the lack of vending know-how among many who jumped into the promising business right after the war. Even the most skillful operators are feeling the pinch of rising costs and fixed vending prices, a problem which produced the "Vending's New Crisis" theme of last month's industry get-together.

As usual, there were a host of new creations at the November convention. Among the more notable were automatic sandwich-dispensing machines, fruit juice dispensers that utilize concentrated and a coin-operated shaving machine for depot washrooms and the like which, for a quarter, offer the use of an electric razor, plunger mirror and after-shave lotion.

« « » »

### Job Outlook Is Brighter For Older Workers

The job prospects for older workers — including those from 40 to 65 and even older — are becoming brighter, according to the University of Illinois Institute of Labor and Industrial Relations. Industry, the Institute believes, is slowly abandoning former prohibitions against the employment of older people because

(Continued on page 50)

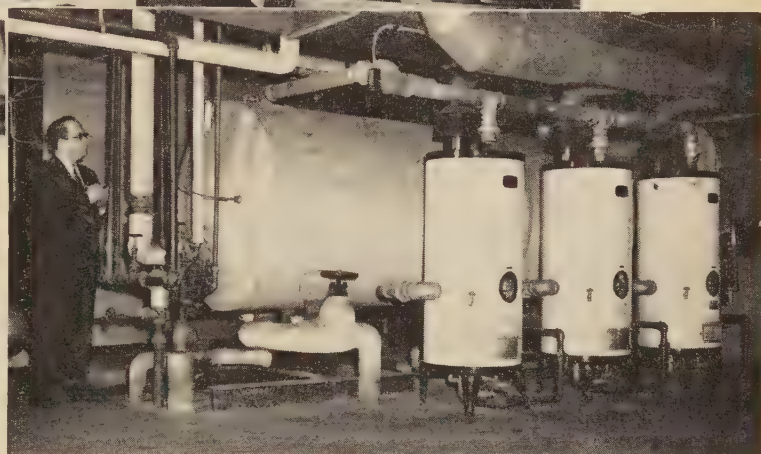


# THE USE OF *GAS* IN BUSINESS

NO. 25 OF A SERIES



Main dining room of Chicago's newest Toffenetti restaurant, 65 W. Monroe Street.



Al. Bednash, Manager, checking temperatures on gas-fired water heating installation, consisting of three booster boilers with a capacity of 225 gallons each and a 750-gallon storage tank.

Dario L. Toffenetti, one of the city's leading restaurateurs, has seven establishments in Chicago and one in New York City. For a long time he has been glorifying the Idaho potato. Now, in addition to the potato, he is featuring the oyster, either on the half shell, fried, or in succulent stews.

The Toffenetti restaurants in Chicago serve approximately 12,500 meals each day. In the operation of a modern restaurant, hot water plays a very important part. To provide for the 20,000 gallons of hot water required daily in the new Monroe Street restaurant for sterilized dishwashing and other cleaning purposes, gas-fired equipment has been installed to assure fast, efficient and economical service.

1850

One Hundred Years Gas  
Service in Chicago

1950

## THE PEOPLES GAS LIGHT AND COKE COMPANY







# A Drought Beside An Island Sea?

By Daniel F. Nicholson

Chicago--With An Unlimited Water Supply--May Face  
A Water Shortage Unless Its Facilities Are Improved

**L**AST Summer when New York City was taking desperate measures to conserve a dwindling water supply, Chicagoans sat back complacently. They had an inexhaustible supply of water in Lake Michigan, sold to them for an amazingly low charge.

But Chicago too is heading for trouble. The supply of water in Lake Michigan is truly inexhaustible, but before it can be made available in the home, office and factory it must be brought in through tunnels, purified by filtration or disinfected with chemicals, and then pumped under pressure to the consumer's premises. This is the weak link in the system. Chicago needs new water facilities to serve its growing population and new machinery to replace equipment that is wearing out.

Revenues received from the sale of water are so low that the city not only cannot afford to extend its facilities but hasn't the money to maintain its present facilities. Right now two new pumps lie idle in storage because there is no money to install them. On some future Summer day, possibly next Summer, when water consumption is at a

peak, an old piece of equipment may fail and Chicago, the city with the unlimited water supply, will be unable to provide all its citizens with this necessity.

For more than thirty years, Chicago's water rate has not changed. The discount allowed for prompt payment has varied from time to time, and it was eliminated entirely at the beginning of 1950, but the basic rate of eight cents per thousand gallons still stands, despite depression, war and inflation.

## Low Water Rates

Hundreds of thousands of Chicagoans don't even pay eight cents for a thousand gallons. They pay a flat charge based on a rather loosely computed "assessed" rate. This rate is computed on the basis of the frontage of the lot, the size of the building served and the number of outlets.

Worst of all, Chicago is required by a state law to supply water to communities within the Sanitary District — including communities that may come into the district in the future — at a rate no higher than that charged metered customers in the city. Thus, Chicago is subsidizing suburban communities with a population of nearly half a million.

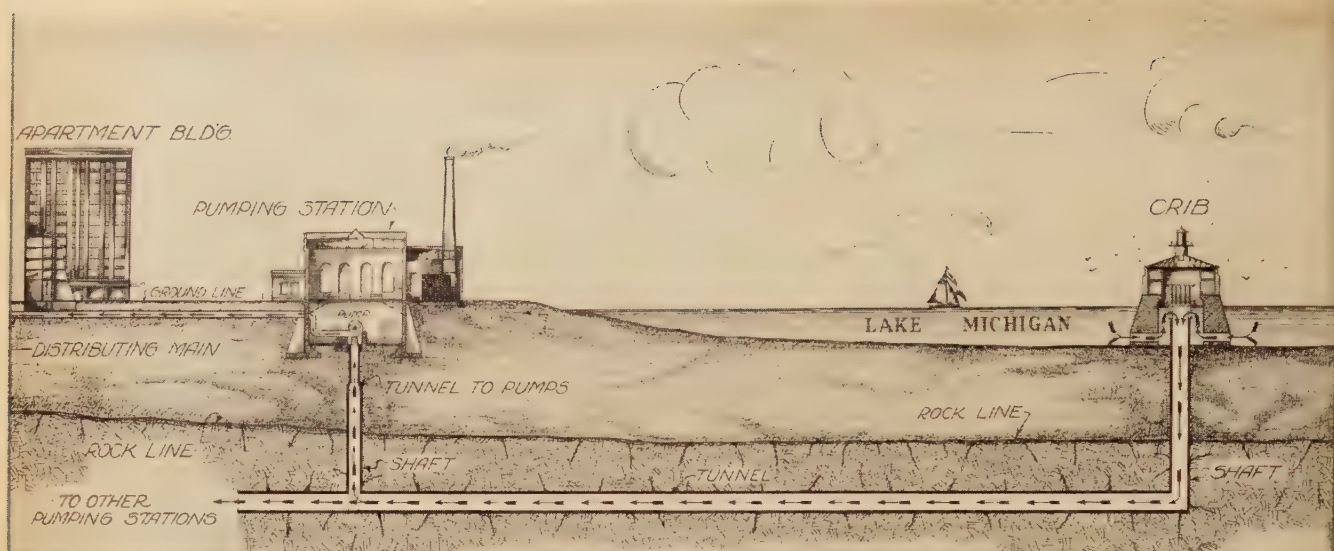
For the last five years the water department has been living on a surplus accumulated during the war years when maintenance and replacements had to be deferred because materials were unavailable. At the end of 1944 this surplus totaled \$6,116,312. At the close of 1948 it had been cut to \$3,239,531, and a 1949 deficit of \$2,352,219 reduced it to \$887,312 at the beginning of 1950.

Chicago's water department has enjoyed an excellent credit rating, but the series of deficits has brought warnings from investment bankers that the city may soon find itself unable to sell water revenue certificates. Last January when \$5,000,000 of the certificates were sold, two large investment banking firms refused to bid on them and another said that it would not bid again until the department's finances had been placed on a better basis by increasing its revenues. If the water certificates become second grade risks, a higher interest rate will have to be paid, thereby aggravating the deficit.

Why doesn't Chicago simply raise its water rates? The answer seems to be that the city government is reluctant to increase the cost of water to the voters. A 50 per cent increase would bring in an addi-

← Worn-out, inadequate facilities are the weak link in Chicago's water system. Korth photo





Cross section of Chicago's water system. Water is gravity-fed to pumping station, thence by pressure to consumers.



Low lift pumps at new South District Filtration Plant

tional \$9,000,000 a year and yet the average family's water bill would be upped only about a penny a day. The metered rate of eight cents a thousand gallons would become 12 cents, and it would still be outstandingly low. John W. Clarke, a specialist in municipal revenue securities, declares that 50 cents for a thousand gallons is a low rate and \$1 is not uncommon. Where water is really scarce, users gladly pay much more than a dollar. In Joliet, Ill., 35 miles from Chicago, water consumers pay at the rate of

80 cents per thousand gallons for the first 1,500 gallons and more than 59 cents per thousand for the next 6,000. In addition the Joliet citizens pay a sewer tax equal to one-fourth the water charge.

#### Comparative Costs

The American Public Works Association, citing a survey of metered water rates in the 14 largest United States cities by the Philadelphia Bureau of Municipal Research, reported that Chicago and San Francisco are at opposite ends of the

scale. Residential users of water in San Francisco pay an annual bill of \$18.54 for 30,000 gallons as compared with \$2.40 paid by Chicagoans for a like amount. Buffalo and Los Angeles residents pay \$13.20 for 30,000 gallons, Washington, D. C., residents pay \$10.94 while in Baltimore, Boston, Philadelphia and Pittsburgh the charge is \$8. Direct comparison of rates charged in various cities is made difficult by the lack of standardization in methods of computing the charge. A common practice is the use of a sliding scale, with rates decreasing as the volume of water consumed increases, the American Public Works Association notes. Most big cities also supplement their metered rate by some type of service charge or a minimum charge.

#### Expert Opinion

The basically sound position of the Chicago water department and the complete feasibility of a boost in rates was brought out in a letter dated March 10, 1950, from L. R. Howson of Alvord, Burdick and Howson, consulting engineers, to the investment banking firm of Blyth and Company. The letter, in part, follows:

"The Chicago water works is, of course, subject to the same economic changes as are individuals and industries in general. As a result it finds itself in a present position where increasing costs of operation have narrowed the margin between revenues and operating expenses. The Chicago water works situation

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# The Case For The "Middle Road": Diplomacy Plus Power

**"It Cannot Promise A Millenium, But It May Dissuade Nations Whose Ambitions Imperil The World"**

By **GEN. HOYT S. VANDENBERG**

Chief of Staff, Dept. of the Air Force

If we would reject the reprehensible proposition that America can avert a war of annihilation only by pulling the trigger first, we must do more than cry out against so absurd and desperate a delusion. This delusion is the product of hopeless resignation to the prospect of inevitable war. To demolish it we must first destroy this myth of unavoidable conflict. We must reassure the American people that power can be employed to prevent it. We must hold out a rational hope for peace through strength and resolution.

Impatience, inconstancy, and cynicism are the enemies of hope. The most perilous of them is cynicism. For it is difficult to believe that war can be averted through early or foreseeable agreement. To obtain peace through agreement, nations must live in the same moral order. Each must acknowledge truth and good faith as the rudiments of human conduct.

When a nation employs the deliberate lie as an instrumentality of statecraft, it rejects this moral order. Having rejected it, such a nation becomes incapable of respecting the sanctity of agreement. However fervidly we may press for peace through agreement, so extravagant a hope will be an illusory one until international communism proves its willingness to abide by principles of human conduct.

## Risks Must Be Taken

To admit that agreement is unlikely in this present day world, we need not submit to the cynical assumption that the only alternative left us is inevitable war. Midway between these extremities of illusion and despair, there exists a middle way to an armed peace through diplomacy and power. While it cannot promise a millenium of peace through agreement, it may stave off conflict long enough to dissuade those nations whose ambitions imperil the world with war.

This way of diplomacy and power can spare us neither trial nor tension. For it is a way of interminable struggle that will demand realism and risk-taking. But it is the only way left to a free people between the distant alternative of agreement and the near alternative of war.

## Hope For Survival

Diplomacy and power can offer free men a rational hope for survival. It will tax them, however, not only in resolution but in their resources as well. To prevail with power and diplomacy against the communist world, we must challenge its threat of aggression with a superior military force. We must outpoint its lies with truth. We must banish subversion by helping free peoples banish the cesspools in which it spawns.

No more formidable a task has ever confronted the American people. No more fearful a judgment has ever awaited them should they fail.

The power problem of America, however, is unique in a world strained under the burden of rearmament. Our test shall come not in the creation of power; in this we know our capabilities. Our most difficult task lies in the employment of power — in the wisdom, the courage, and shrewdness with which we use it to benefit the lives of free men.

If we are to use power not only to safeguard ourselves but to safeguard freedom and minimize the



Acme

Gen. Hoyt S. Vandenberg

danger of eventual war, then we must exercise power with such boldness that we weaken the purposes of our enemies, with such foresight that we strengthen the resolve of our friends, with such judiciousness that we do not squander our resources, with such prudence that we do not derange our political life, with such strength that no enemy shall miscalculate our resolution, and with such constancy that our friends need never doubt us.

The task is made more difficult by our traditional aversion to power politics in the world. We have blinked the fact that nations must struggle for existence. Al-

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Huge Santa Claus parade, costing a cool \$80,000, jam-packs the world's most colorful shopping thoroughfare

# Everybody Loves STATE STREET

**C**HICAGO'S downtown State Street is the classic example of a frontier main street that has grown up squarely in its original tracks. This geographic oddity has several interest aspects. In the first place, it has been precisely the way State Street's original developers, including such men as Marshall Field and Potter Palmer, planned for the street to grow — vertically rather than horizontally. Secondly, expansion in depth has converted what was a few short blocks of unpromising mud flats in the 1830's into an identical area of the richest, most concentrated and perhaps most colorful retail shopping in the world.

It is small wonder that to many an out-of-town tourist the nine-block canyon of bustling big city

By **LEWIS A. RILEY**

humanity is Chicago's foremost sightseeing attraction. Wedged into the thoroughfare are a half-dozen major department stores plus scores of smaller retail establishments, selling everything from \$1,250 salt shakers (one of 1487 different varieties of salt shakers available on the street) to hay balers, paper clips, wheel chairs, rare jewelry and costly works of art. This year, it is estimated, the street's cash registers will ring up a grand total close to half a billion dollars — making it the best financial year in State Street's uniformly prosperous history.

Underlying this shoppers' paradise is some of the richest real

estate on the globe. The last time that a major chunk of State Street property changed hands, the buyer paid \$21,664 for each foot that fronted on the thoroughfare, which worked out to \$187 per square foot in the parcel.

Asked recently why they journey to State Street rather than patronize community shopping centers, a cross-section of Chicago housewives reported that the street's big drawing power is its tremendous variety of merchandise. The answer is hardly surprising. Over two square miles of shopping area front on the street. The frugal housewife, if she is so disposed, may shop for shoes in as many as 13 establishments within a two-block area, or search for a bargain in coats in two dozen



shops all within 90 seconds walking distance of each other.

The really astonishing thing to many a non-Chicagoan who has cruised through the swirling traffic of State Street in a sightseeing bus is that so many stores selling similar merchandise all appear so prosperous. The answer, of course, is massive shopper traffic. Estimates are that on an average day 500,000 shoppers swarm into State Street. During the Christmas season, when the sidewalks become almost impenetrable ribbons of humanity, customer traffic is probably half again this figure. Marshall Field and Company, the 98-year-old patriarch of State Street institutions, has counted as many as a quarter million customers within its store alone on a pre-Christmas day. Any day that less than 100,000 show up at Field's, either the weather has been exceptionally bad or the counters have simply been skipping.

Red Hot Competition

With all its volume, however, State Street is the scene of some of the toughest competition ever reckoned with in retail selling. When it takes the notion, as it not infrequently does, Goldblatt Brothers can sell more blankets or children's rompers or men's stockings in a single day than the combined merchants of many a smaller town could hope to sell in a month.

During one of its torrid bargain days last May, Goldblatts was disgorging better than \$2,000 worth of merchandise every 60 seconds, bringing the total for the single day to over \$1,500,000.

Trade talk has it that when the 75-year-old Boston Store became one of State Street's few modern-day casualties two years ago, both Gim-

bels and Macys — the rival giants of New York City's retail trade — toyed with the stimulating idea of buying the premises and sidling into State Street's red hot keystone corner — "the busiest intersection in the world" where Madison Street crosses the thoroughfare. Ultimately, it is reported, both firms backed

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State Street of 1910 boasted three trolley tracks replacing . . .



. . . horse cars that cruised the street in 1895. View is northward from Madison Street with Mandel Bros. at extreme right



# These "Taste-Testers" Have Eyes Peeled On Profits

Modern Flavor Research Becomes An Exact Science

By JOHN A. McWETHY



*Joseph E. Seagram & Sons, Inc.*

"Olfactorium" for flavor research

Inc., a research and engineering concern headquartered in Cambridge, Mass., and Distillers Corporation-Seagrams, the world's largest liquor manufacturer. Both handle flavor research work for others. A. D. Little has done 150 flavor assignments over the last eight years; Seagrams has conducted research projects for 60 companies during the same period.

These new systems for appraising the quality and acceptability of flavors are not based on any new-fangled electronic device. Nor has anyone worked out a flavor slide rule. Instead, A. D. Little and Seagrams have simply refined the age-old flavor measuring art of the coffee taster and perfume mixer into an exact science. Like older methods, the new are based on sipping, sniffing and spitting out. Both depend, in other words, on the human mouth and nose — happily, science in all its wisdom has not improved upon the human senses. But many improvements have been introduced to achieve precision in the use of mouth and nose.

## Controlled Conditions

Controlled conditions are one. A good example of the care researchers use to be sure conditions are uniform can be seen at the Armed Forces Food and Container Institute at the Quartermaster Depot near Chicago's Union Stockyards. The institute develops and tests rations for the armed services. Its flavor laboratory is patterned after the system worked out by Seagrams.

The flavor laboratory is air conditioned. A few degrees difference in temperature can make a vast

difference in how something tastes or smells. Great care is taken to be sure each sample is precisely the same in size, appearance and temperature. The tasting is done in booths so samplers won't be influenced by each other.

## "Taster Training"

New ways have been discovered for ferreting out people who are supersensitive to particular tastes and odors — the two major constituents of flavor. The Pabst Brewing Company screens out people sensitive to malt, yeast, hops and other elements that influence the flavor of beer and uses them on its taste panels. Several months of training further increase the tasters' sensitivity to flavor.

Instead of depending on two or three experts, the new techniques use larger panels. Seagrams has 100 on the panel it uses to keep the flavor of its whiskey uniform.

After a flavor has been measured it can now be reduced to a picture. A. D. Little has developed a way of graphically representing a flavor which it calls the "flavor profile." Each key element in a flavor is first measured. In meat stew, for instance, the flavor of the beef, peas, potatoes and other ingredients is checked. The lines making up the profile indicate the relative intensity of each element. The firm making the stew can compare the flavor of its own product and competitive brands and get ideas for improving its product.

Seagrams is a good example of how the new flavor yardsticks can be used to maintain uniform quality. It also illustrates how uniformity plus a gradual improvement in

**H**OW strong should the ideal cup of coffee be? How can a brewer be certain the beer he brews in Peoria has exactly the same flavor as his Milwaukee-made product? How can a firm be sure the odors from a factory it plans to build won't be offensive to nearby residents?

Or perhaps a company's problem is: Do most people prefer 20-year-old or 5-year-old whiskey? Is there really a difference between butter and margarine flavor? Do you have to be able to smell in order to taste?

The answers to these and a wide array of other questions involving everything from fuel oil to corn syrup have been worked out by using new and highly accurate methods of measuring and improving flavors. These new techniques are helping firms develop new products and improve old ones. They have been instrumental in stepping up sales and stepping down costs.

Two firms have paved the way in flavor research: Arthur D. Little,



flavor can contribute to increasing sales.

"Twelve years ago, before our flavor system had been developed, it was a common occurrence in the distillery industry to have carload lots of off-quality whiskey returned," H. F. Willkie, vice president in charge of production, explains. "Today, Seagrams considers it a catastrophe when one bottle a month is returned."

### Ups Sales; Cuts Costs

The elimination of off-quality product contributes to both higher sales and lower costs. When a consumer gets a product that's off quality, he's apt to switch to some other brand despite all the producer can do.

While other factors have also contributed to the rise in demand for Seagrams products, the company believes that flavor research has been among the significant things accounting for higher sales. A dozen years ago, Seagrams' "7 Crown" whiskey was in 15th sales position among all brands of whiskey. Today, it's in first position, the company says.

Pabst has used the new flavor measuring methods to keep the flavor of beer brewed in different cities uniform. Many brewers claim it's impossible to make an identical beer in different breweries. The fact that Pabst sells more beer than any other brewing company is evidence that their system works.

The new techniques are helpful

in improving the flavor of old products.

Union Starch and Refining Company, a small corn refinery in Columbus, Ind., got Seagrams to help it improve the flavor of syrup. In 1947, when sugar rationing was lifted, Union's syrup sales slid faster than those of the refining industry as a whole. Industry sales in 1948 were 55 per cent below 1947 but Union's dropped 84 per cent. So Walter L. Snead, boss of Union's packaged goods sales, retained Seagrams to measure the acceptability of his firm's "Pennant" syrups against competitive products. Strong flavor points of each were noted and Union altered the flavor of its syrups accordingly. The syrups with the changed flavor went on the market in the spring of 1949. Union's business in these products to date in 1950 is running more than 15 per cent ahead of 1949; while the industry's sales are slightly under last year.

### Improved Products

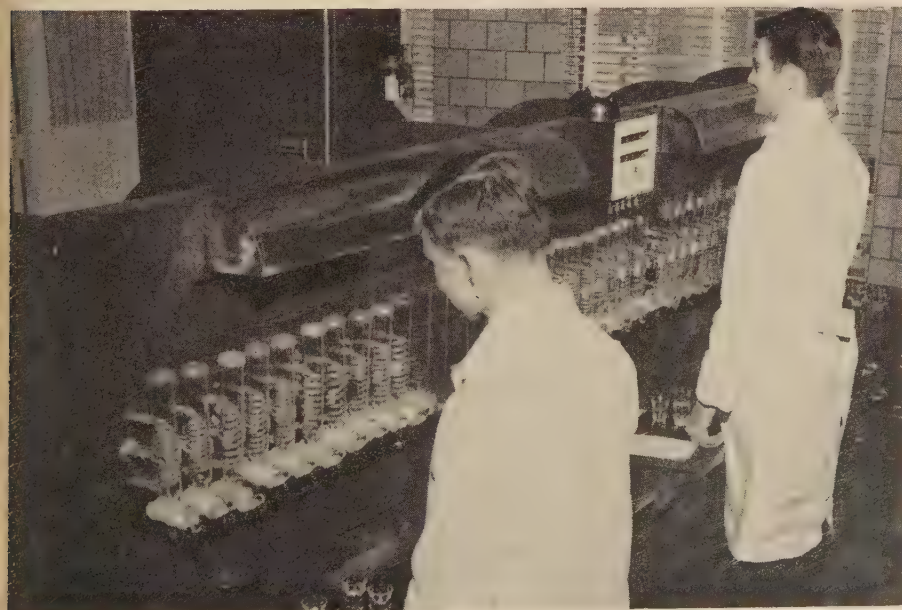
"It is difficult to determine just how much of the sales increase is due to our work at Seagrams," Mr. Snead reports. "We have also improved our packages and our general selling approach. But we feel that of all the things we have done, our work on product improvement has been the most important. We feel, too, that the job is long range and that results do not come immediately but tend to accumulate from year to year."

Some firms have been able to use the new flavor measurement methods to turn out a better product at lower cost. Take the old problem of making a better cup of coffee. Chef-Way, Inc., a Kansas City manufacturer of automatic vending machines, wanted the answer to that question. Seagrams ran acceptance tests on a number of coffee mixtures. The finding: the optimum flavor required 40 per cent less coffee and 43 per cent less sugar than Chef-Way had been using. This cut has been enough to enable the company to keep the price of its coffee at a nickle a cup in Kansas City and still make a profit.

### Odorless Cigarettes?

A cigarette company thought the much publicized odor purifying agent, Chlorophyll, might help the flavor of its product. Research demonstrated no change in flavor when the tips were dipped in Chlorophyll but the stale smoke and butts from these cigarettes became almost odorless. Underarm deodorants, cold-wall refrigerators

*(Continued on page 42)*



Seagram's "psycho-physical" taste apparatus with scientific tester panel . . .



. . . has cut whiskey returns sharply



# Treasury Shifts Sales Strategy On Inflation-Worn Bonds

By MITCHELL GORDON

**T**HE U. S. Treasury is shouting an old war cry louder than it's ever been shouted before. The cry is "Thrift!"

The Treasury is shouting it louder than ever because the specter of inflation has been scaring away its bond-buying customers as never before. Worse yet, so many bond owners have been cashing their government securities in lately that the Treasury has been transformed into a bond buyer itself instead of a seller.

The reason is simple. People afraid of more inflation don't think much of putting their money into green and white certificates that yield only 2.9 percent interest after being held ten years. They recall what inflation did to 1940's bond buyers. Those who bought a \$1,000 face-value bond in 1940 for \$750 and cashed it in during 1950 could buy with that \$1,000 only as much as \$650 would have bought back in 1940.

## Redemptions Soar

The inflation threat not only makes it harder for the Treasury to keep sales abreast of redemptions, but it makes it vital the Treasury sell more bonds than ever to arrest inflation by siphoning off free cash and bottling it in bonds.

Treasury department savings bonds promoters, working in the old state department building just two blocks from the White House, are convinced they've got a solution.

It's this: sell the bonds on their thrift appeal to the little people who are usually too conservative to risk their savings in investments that grow with inflation and collapse with deflation. To make up for the big volume of \$500 and \$1,000 face-value bonds being cashed in by the bigger riskers, sell more

of the smaller bonds, especially those with face values of \$25 and \$50. Do it by going out and recapturing many of the bond-buying wage earners who okayed payroll deductions for bonds during the last war. Win them back on thrift appeal where patriotism was used before.

## Sales Policy

John W. Snyder, Secretary of the Treasury, insists bonds can be sold this way even in the face of inflation.

Mr. Snyder emphasizes, "The dollar that will pay off that savings bond will be identically the same dollar that will pay off your savings account, the same dollar that will pay off your life insurance policy, the same dollar that will pay off your building and loan shares."

He adds, "Of course it's not going to have the speculative qualities of investment in the stock market, but it will have a greater assurance of returning the same number of dollars, which that investment in the past in the stock market has not brought with any certainty."

Mr. Snyder says he doesn't believe the man who invests \$18.75 in a bond is the same type of fellow who'd go down and "speculate" in the stock market anyway. "It's just a matter of deciding frugality is a good thing and then going ahead and buying savings bonds," he says.

The department's savings bonds promoters say their main line of attack next year will be to get more companies signed up for the payroll savings plan and to get more employees in companies already signed up to participate in the program by agreeing to having a certain part of their pay check

set aside each period for savings bonds.

"At present," says one Treasury spokesman, "we've about 21,000 large companies participating in the plan. We're aiming at quadrupling that as soon as possible—to at least 100,000 large companies."

"We figure," he continues, "that we can boost the number of employees buying bonds out of their pay checks regularly from about 8 million to 25 million. That would make the sales total from this source close to \$500 million a month compared to \$160 million a month now."

To lure this much money into bonds in peacetime, treasury people say they won't have to spend any more money on promotion next year than they did this year, which was about \$4 million. Normally the advertising media be much different than it has been in the past—about 50 percent for radio, 25 percent for newspapers and the rest for magazines, outdoor advertising and other thrift reminders.

How, then, do the bond promoters figure they'll increase sales?

"By shouting thrift," says one of them, "more effectively than we've ever shouted it before."

How will they do this? By tying the cry to people and their experiences instead of to vague appeals and generalized slogans.

## "True Experiences"

Here's how one of the field commanders of the campaign explains it: "We started selling bonds," he says, "15 years ago. But we only began selling them in substantial amounts when the E-Bond series came along in 1941. Now about \$50 billion of the \$57,500 million worth of government bonds now outstanding are the E-type bonds. This means that starting in 1951 we'll have lots of stories to tell about people who bought bonds in 1941 and what they're planning to do with the money."

This is a sample of the stories the treasury plans to broadcast in, for example, some 1,100 magazines

(Continued on page 35)





Congress recalls the U. S. scrap iron that Japan returned as shells

Ewing Galloway

Irony of Today?

## IS THE U. S. INDIRECTLY ARMING THE REDS?

Congress is cracking down on ECA "trans-shipments"

**W**HEN Paul G. Hoffman became the first administrator of the Economic Cooperation Administration, he made an analysis of the duties vested in him by the statute creating the agency. He found they totaled 56. One of them was to make sure that the U. S. sent no strategic and critical goods to countries behind the Iron Curtain.

This was an obvious precaution against using American productivity to build up the war potential of Russia and her satellites. It proved, however, to be the most difficult of all of Hoffman's functions, as he himself stated in a training bulletin prepared for ECA overseas personnel.

Two years later it was becoming so obvious that war material was slipping through ECA's hands from the member countries that a move

was started in Congress to tighten up. It was led by Senator Kenneth Wherry of Nebraska, who made four attempts during this year's regular session of Congress to attach to various bills a rider designed to cut off ECA aid to countries which permitted export of any article which might "be useful to" the armed forces of the U.S.S.R. or those of her satellites.

### Legal Restrictions

Three times Congress turned down the rider, but on the fourth try Wherry got it accepted in the Senate, as part of the omnibus appropriation bill carrying ECA's third annual appropriation. At the time of adoption, United Nations forces in Korea were being pushed backward toward Pusan, and senators remembered our prewar experience with Japan, when we ex-

By JACK ROBINS

ported scrap iron which later was fired back at us wrapped around charges of TNT.

The Administration reacted strongly against the Wherry amendment. President Truman wrote House Appropriations Chairman Clarence Cannon that it was "fraught with great danger." It would, he said, "defeat its own purpose and accomplish substantially the opposite result from that intended. It would weaken the free nations more than it would weaken the Soviet bloc."

### Trade Complications

Cannon sponsored a substitute, watered-down version of the Wherry amendment which was adopted by both Houses as a compromise in the closing days of the session. In actual effect it went little beyond the provision in the original law. The fight, however, focused attention on a clash over the East-West trade issue which threatens to break out again in the current special session and in any event to have repercussions when ECA comes up next year for its fourth and final annual appropriation.

How big is the trade involved? Our own trade with Russia has dwindled to virtually nothing, but the trade of ECA countries with the U.S.S.R. and her orbit nations is substantial. Wherry said it amounted to approximately \$1 billion in 1949 and to \$186,347,000 in the first quarter of 1950. He pointed out that he got these figures from ECA and had the Library of Congress compile them for him. Even so, he noted they were incomplete since they contained no information at all on exports to Eastern countries from such important manufacturing nations as Switzerland, Sweden, and, for 1950, from the western zone of Germany, which in the last quarter of 1949 had shipped \$26,838,000 to the East.

"However," said Wherry, "this breakdown shows conclusively that the predominance of shipments were in crude and semi-finished steel, hot finished steel and end products, and in electrical ma-



chinery, industrial equipment, and transportation equipment." The list bore him out. In addition to the items he mentioned, it showed exports of refined liquid fuels and products, raw material for steel and iron products (pig iron and ferroalloys), copper, lead, and zinc.

ECA did not dispute the figures. It has, however, challenged the significance Wherry read into them. It contends that not only have the shipments been of minimum military value to Russia, but that goods of even greater value to the West have been received in return.

Marshall Plan countries have received from the Russian bloc such things as machine tools, tank cars, locomotives, railroad equipment and other manufactured goods as well as iron and manganese ore, crude oil, industrial diamonds, lumber, coal, and wheat.

As a specific example of what goes on in East-West trade, ECA cites an Italo-Russian agreement of 1949 in which Italy promised to supply — among other things — 60 small mine locomotives. Russia's part of the bargain included 200,000 tons of iron ore, 20,000 tons of manganese, 100,000 tons of pig iron, 75,000 tons of steel ingots, 300,000 tons of wheat, and certain other products.

### Two-Way Deal?

Does the argument boil down, then, to which side, East or West, gets the better of the bargain? In one sense, yes, since the goods received by the West strengthen her economy, regardless of what effect her exports have in strengthening the Communist economy.

But there is more to the story than that. European trade traditionally has involved a flow of raw materials from East to West and a flow of manufactured products from West to East. Even a cold war — still cold in Europe — cannot interfere with that historic pattern without disrupting the whole continent's economy. The problem is not one of shutting off all trade between East and West, but to "minimize the flow of materials of military value from the West to the East and to maximize the flow of such goods from the East to the West," in Hoffman's words at the time of the dispute.

ECA claims that this objective

has been accomplished. Congress is not so sure, and the Senate's ECA watchdog committee has been instructed to observe and report.

The standards for what should and what should not be shipped are two lists of materials which require export licenses if shipped out of the U.S. These lists are known as I-A and I-B. List I-A contains items which cannot be shipped at all to Iron Curtain countries, but may to others. List I-B comprises articles which can be shipped to Communist nations, but not in important quantities.

### Restricted Items

Both lists are secret, but can be described as follows: List I-A is qualitative; we would not, for example, permit any export of uranium to any Communist country though conceivably we might to Canada or Great Britain. List I-B is quantitative; it is considered all right to let Russia have 60 small mining locomotives, for example, but not 500 diesel engines.

Of course the key to plugging the loophole of shipments from Marshall Plan countries is the adoption by each of them of similar export controls. Great Britain has a list that covers 90 per cent of the U.S. list. Several other countries follow the British list. A few countries have separate lists which they refuse to discuss with the U.S.

What ECA is now trying to do, under Congressional prodding, is to get all the Marshall Plan countries to control exports of the same materials we consider strategically important. It is a complex job, for there are 96 different trade agreements involved. The task of persuasion is not as easy as it sounds. Some of the countries — notably Sweden and Switzerland, both very important — have received no grants from the U.S. but only loans which they expect to pay back, and hence are not susceptible to the same kind of pressure that can be applied to Great Britain and France, where our grants have been propping up the economies.

The trade is not, incidentally, comparable to our pre-war trade with Japan. In that era we shipped two sinews of war — scrap iron and petroleum — and got in return nothing more warlike than bamboo-and-paper parasols, low quality electric light bulbs, and leaky fountain

pens. In this case there are factories in France that would stand idle were it not for Polish coal; workers in Great Britain who would go unhoused were it not for Russian timber; and workers in Italy who would go hungry except for Russian wheat.

Had the Marshall Plan involved shutting off across-the-Curtain trade completely, it would have taken at least \$5 billion in exports from the U.S. to fill the gap, involving additional taxes and depletion of our resources.

ECA has a valid argument in maintaining that the economic recovery of Europe and the rebuilding of its morale — giving its people a standard of living for which they will want to fight — outweighs the importance of war-making materials which have been shipped in helping to achieve recovery.

The problem is to balance the consideration of security with that of rebuilding Europe. In the U.S. security has naturally been the main concern of such agencies as the Defense Department, the Atomic Energy Commission, and the Central Intelligence Agency. Rehabilitation has been the goal of ECA and the State Department.

### Senators Alert

The Senate's ECA watchdog committee believes that ECA has made some progress in balancing these considerations, but that more can be done. It has proposed that the list of embargoed materials need not be secret, and that in fact it would help the policing if they were made public. The Administration half-heartedly responded to this suggestion by reducing the classification to "confidential."

Another watchdog suggestion was that the list be reduced in number of items. For example: duckfeathers. Did you know that the U.S. is stockpiling duckfeathers because they are in short supply? Serious inter-agency conferences have been held on duckfeathers. For that matter, it is a serious problem, because in our attempt to supply our fighting men with the world's best equipment, we use duckfeathers in warm uniforms for troops in Arctic service and high altitude flying.

But putting duckfeathers on the list of items to be denied export because we need them, is regarded by

(Continued on page 44)



# Steel and National Defense

By JOSEPH L. BLOCK

Vice Chairman and Vice President  
Inland Steel Company



Joseph L. Block

**W**HAT can we say of the steel industry of today and its ability to provide the sinews of defense for all-out war should such a catastrophe be the fate of mankind? The basic indicator of the industry's ability is the capacity to produce steel ingots. In 1940, the year in which the Nazi hordes swept over Europe and Britain stood alone, the figure was eighty million tons. In 1944, the year in which the great Allied armies stormed the beaches of Normandy, the industry produced almost ninety million tons. Today the industry's capacity is one hundred million five hundred thousand tons. It is now producing at that rate or better and has been doing so for some time. And two years hence, in 1952, according to an announcement made by Secretary of Commerce Sawyer last month, its capacity will have risen another nine and one-half million tons, bringing the total up to approximately one hundred ten million tons.

But is this enough? Enough for what? To fight and win a great war or to meet the flights of fancy of the most imaginative dreamers?

## Future Capacity

I know of but two yardsticks by which we can measure steel requirements for national defense: First, our experience in the last war and, second, the capacity of any potential enemy. Let us analyze them in that order. With our present ingot capacity we can conservatively produce about seventy million tons of finished steel mill products — plates, structural shapes, bars, sheets, pipe, wire, rails, etc. In 1952 another seven million tons will be added. Contrast those figures with these. In 1943, the year in which the largest tonnage of steel went into direct war needs, these requirements took less than twenty-three million tons

of finished steel products, including eleven and one-half million tons for naval and merchant ships and two and one-half million tons for building defense plants and cantonments. Surely we would not again have to start from scratch in constructing a navy or merchant marine. Nor would it be necessary to build plants for war production in as great numbers as in World War II.

## Enemy Capacity?

In 1943 we used only thirty-eight percent of our steel for direct war needs, but let us cast that historical record aside and suppose that a new war needed fifty percent of our 1952 capacity, fifteen million tons more than in 1943. Even then we would have more steel left over for other essential needs than we had in 1943!

What about the other yardstick — the capacity of a potential enemy? I have heard of no potential enemy in an all-out war except Russia. Although no official estimate is available the most extravagant figures on the combined ingot capacity of Russia and her satellite countries range from thirty to thirty-five million tons, about one-third of our own capacity, to say nothing of that of our allies which would increase our combined output by another fifty percent. Let's look at it another way. God grant that there will be no more great wars, let alone one in which the United States might fight the rest of the world alone. Yet, should this tragedy come to pass — were steel alone the criterion

— victory would be ours, for even the present capacity of this country exceeds by nine percent the total steel produced by all the other countries of the world in 1949. The output of American furnaces, operated at today's capacity for one year, would be 8,800,000 tons greater than last year's production of all the other countries on the face of the globe, including Russia and the Communist-dominated lands. Yes, Uncle Sam has plenty of steel for his defense needs, and more is to come.

## Civilian Needs

Now how about the controversial question of the adequacy of the steel industry's present and projected capacity to meet both the defense needs and those of the civilian economy? Five years ago when the war ended, and from time to time in the ensuing years, various responsible leaders in the industry expressed the opinion that steel capacity was ample, perhaps even excessively large, in relation to the requirements of a peacetime economy. I must confess that I shared that view. That we were wrong in the light of subsequent developments no honest individual can deny. However, these beliefs were prompted by no selfish attempt to create an economy of scarcity but sprang from a knowledge of the records

## SPEECH OF THE MONTH

Made before the Chicago Association of  
Commerce and Industry,  
November 30, 1950



of the past from which no one could have secured a clue to the tremendous sustained boom the country has enjoyed since the cessation of World War II hostilities.

The steel industry is a favorite "whipping boy" for demagogues who hurl many a falsehood about it at the unsuspecting public. One of the most vicious, unfair and untrue of these has been the accusation that the industry has been engaged in a "conspiracy to hold down production." Nothing could be farther from the truth.

### Invested Earnings

In our company we have been spending record sums of money annually since 1945 to improve and expand our production. In order to do this we reinvested our undistributed earnings and borrowed money against our properties to as great an extent as sound business judgment warranted. Why did we do this? We did it to maintain and, if possible, to improve our competitive position in the industry. Practically every other steel company has done exactly the same thing, and no one who took the slightest trouble to ascertain the facts could possibly deny it.

These vast expenditures of the industry totalled two and one-half billion dollars from 1946 to 1949,

about one-third of the total amount of money invested in the industry prior to that time. Another half billion dollars is being spent this year, and that rate will be exceeded in each of the next two years.

### Sheet and Plate

These sums are not proportionately reflected by the increase in the ingot capacity for it was necessary to make enormous capital outlays for new and enlarged finishing facilities, particularly for the production of such flat-rolled steel products as sheets and tin plate. Some uninformed individuals question the propriety of those expenditures as contrasted with basic ingot capacity, but they know not whereof they speak. The greatest demand has been for these products. How did the automotive industry increase its production from five million units in 1941 to a nine million unit rate in 1950, at the same time supplying the consumer with steel tops and wide sweeping fenders and bodies? By receiving from the steel industry three times as large a tonnage of cold-rolled sheets as it did a decade earlier. What enabled the appliance industry to flood the American home with new and better refrigerators, stoves, washing machines and kitchen cabinets? And the canning industry to multiply many-fold the

products it placed in the stores and on the cupboard shelves of the nation? Only the tremendous increases in the tonnage of sheets and tin plate they received from the steel industry made those great achievements possible. Even today with all the expansion, it is easier to buy ingots than to secure sheet steel or tin plate.

New steel ingot capacity, of course, requires new pig iron and coke capacity, and all of that points up the need for far greater reserves of raw materials. Therefore, the industry has embarked on a tremendous program involving the construction of coal and ore beneficiation plants and the exploration and development of new ore properties, some of which are as far distant as Labrador, Venezuela and Liberia. To transport these materials railroads must be built, new lake and ocean freighters constructed.

### Price Problem

A few of the self-same individuals who so belligerently demand that the industry expand are the first to criticize even the slightest advances in price. Yet experts estimate that completely new steel capacity from the raw materials up would cost about \$300 per ton of annual production output. You may be surprised to know that the entire steel industry made less than \$10 per ton on all the steel it shipped last year. Who would care to invest risk capital which after proper depreciation charges and higher corporate income taxes would probably yield in dividends less than two percent? It is interesting to note that one of the few steel leaders who has had the courage to speak up on this question of the need for higher prices to finance new construction is Admiral Moreell, chairman and president of Jones and Laughlin Steel Corporation, a gentleman who spent the greater part of his life in government service.

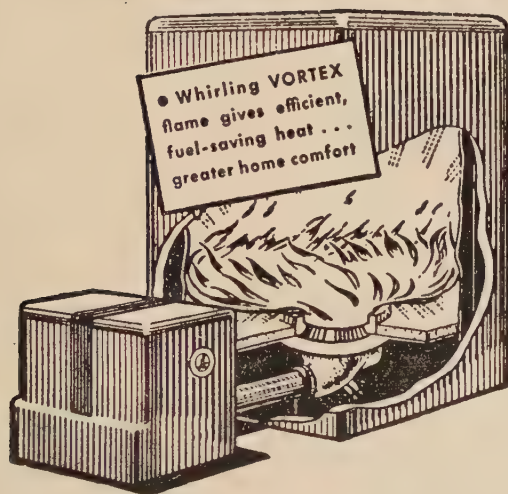
But will there be adequate steel capacity when the one hundred ten million ton figure is achieved two years hence? No one knows for certain. Some claim that this will not be nearly enough. Perhaps they are right. Perhaps not. But one thing is sure — if there is not enough, the industry will continue to grow until there is. I have never yet seen a business man in this free



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country of ours who did not seek and find ways to increase his company's output when the demand for his products exceeded his supply.

As long as we stay free this may be regarded as axiomatic. We made the most steel, the best steel, and the lowest cost steel, and we pay the highest wages to our employees. But let us not forget how this came about. It flows entirely from the full play of free, competitive forces — the same forces which gave us our strip mills during the great depression and our plates, our ships, and our victories during World War II. Let us as a nation never be deluded into thinking that the royal road to sufficiency in steel — or in any other phase of our industrial production — is through government owned and operated facilities. Such a path could not fail but lead us into great peril, for without the competitive system, spurred on by the profit motive, the very foundation of our great economic system could easily rot away, making us prey to dictatorship at home and aggression abroad.

### Priority Question

I have spoken thus far primarily about steel production — why it was adequate for the great needs of World War II and why we may feel assured of its adequacy in the future both for defense and for civilian requirements. I have emphasized the importance of maintaining freedom in the control of production. What I have said about production can also be applied to distribution.

As every business man knows, the National Production Authority has recently been established in the Department of Commerce to implement certain portions of the new emergency control legislation enacted by the Congress. Although in existence a scant two months, it is rapidly imposing on industry in general, and the steel industry in particular, a very comprehensive system of priorities and allocations.

I would be the very last to deny the propriety of any steps the government might take to assure the flow of material for direct defense needs, whether we be engaged in a cold, warm or hot war, or no war at all. The DO priority ratings which have been established are designed to do that, and they will accom-

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polish the purpose whether the steel requirements for direct defense be five percent of the supply, as now estimated, or a substantially larger portion.

But the NPA is going much further than that. Already an allocation program covering steel for ten or eleven thousand freight cars per month, more than twice the current production, has been placed in effect. Another program for lake freighters is also under way. Programs covering the requirements of the locomotive industry, the petroleum industry, the electric power industry and others too numerous to mention, are now being discussed. They may soon require the preponderance of the nation's steel output. All of these are being undertaken because they are regarded as "defense supporting" or "essential" industries.

I have no desire to question the essentiality of any of these industries, but I wonder just where we are headed. If the NPA goes on allocating the stated requirements of every "essential" industry, one of two things will occur. Those industries left out in the cold will fold up and turn their employes out on the street, or else the NPA will have to divide up all the steel. Personally I would view either of these possibilities with much misgiving unless we are engulfed in total war.

#### Semi-War Distribution

In all-out war no one can properly question the great dislocations which come to civilian industry because of the necessity of directing vital materials to the most essential needs, and in all-out war it is not too difficult to catalogue these needs. But in times like the present, whatever they may be called, with direct defense steel absorbing only a small portion of the nation's steel, it is entirely a different matter.

Before taking steps which could bring disaster to both labor and capital, it would be well for our planners to make sure that the increased requirements of these essential industries are really needed for adequate national defense. In many cases I believe the true answer will be in the negative. Do you remember the hue and cry for steel for freight cars in 1947 and 1948? It was alleged that the needs were so great that the carbuilders

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would be running full for five or ten years. Yet, in 1949 they ran out of orders, and it took a war to get their order books full again. I mention this intending no particular reference to the present freight car program but merely to illustrate the harmful effects that can result from unduly expanding the production of certain selected industries by government fiat.

But the irregularities of business operations and of employment are by no means the most harmful effects that accrue from unnecessary tinkering with the economy. Worse of all is the threat to freedom. No one who has had even the slightest experience in operating economic controls will deny that each control begets a series of other controls. They multiply like rabbits. And, as we have seen all too clearly in other countries, once they fully infect the body politic, the disease becomes incurable. This is the real danger from a comprehensive system of government priorities and allocations. It behooves all true lovers of freedom in and out of the government to take care that the "patient does not die from too successful an operation."

### Amateurs In Power

One more thought on this subject of distribution — if there must be controls, and there must be some as long as the supply is tight, for as I said the direct defense needs must be met, then such controls as are required must be properly administered. Such administration, as far as steel is concerned, can only be directed by men who know steel. When I was first in Washington during the last war the established policy of the government was exactly the opposite. At the outset no one from an industry could head up that industry's division or even have an acknowledged position of authority in it. All that was changed as the war progressed, but in the interim much valuable time was lost, many serious mistakes were made, and we were the laughing stock of those who understood what was going on, including our own allies, the British and Russians.

One might as well call in Toscanini to lead the New York Yankees or have Joe Louis take charge of General Electric, as have men from other industries, or government career men who never were





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**THE MILWAUKEE ROAD**



in industry, make and administer the rules for steel. The whole idea is ridiculous. Yet it persisted before, and, in spite of strong opposition by such able men as Secretary Sawyer and General Harrison, it may possibly again become the policy of the government. Although the new law explicitly provides for experts from industry to serve the defense program without government compensation, such men are not being accorded too cordial a welcome in the nation's capital. The idea seems to be that because they receive their pay from their corporate employers they are not as patriotic or as honest as those whose names appear on the government payrolls. What an absurd idea! The preponderance of all Americans everywhere are loyal, patriotic and honest. And the men of the steel industry are second to no others on this score. I think their record in World War II, both in Washington and on the home front, gives ample evidence of this. I can also say from my own experience that when one serves in Washington he serves in a well-lighted goldfish

bowl. That is as it should be. So, how anyone can conjure up worries on this score is beyond me. The steel industry is willing to furnish the experts. If the government does not make use of them, the confusion will be compounded, and with no justifiable excuse.

Yes, the mills and the men of the steel industry are ready and

able to do the defense job. And the American people maintain their economic freedoms as firmly as their prized civil liberties, and the two are inseparable, they may feel secure in the knowledge that the steel industry will continue to be a bulwark of strength in peace and in war.

## Here, There and Everywhere

(Continued from page 8)

developed what it describes as the world's largest "garden hose" to water pineapples in Hawaii. It is four inches in diameter, 800 feet long and carries more than 700 gallons of water a minute. The hose, which operates at a working pressure of 125 pounds per square inch, is being used in conjunction with a mobile spray rig on the 14,000-acre plantation of the Dole Hawaiian Pineapple Company.

● **Mortgage Earnings** — The Life Insurance Association of America has made a survey among a group of life companies to deter-

mine the extent of the gap between the amount that property owners pay for their mortgages and the amount that a life insurance company actually earns on them. Among the selected companies, about one-fifth of the gross income from city property mortgages was required to cover originating fees, servicing fees, branch office and home office expenses. Thus the average net earning rate on city mortgages in 1949 was 3.3 per cent. The earning rate on farm mortgages was 2.6 per cent for companies holding roughly 80 per cent of the farm loans of all life companies.

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# Invest in the MIDDLE WEST

Reviews of Middle-western Companies

By DANIEL F. NICHOLSON

**S**HORTLY before the recent public offering of the common stock of American-Marietta Company, fast expanding manufacturer of paint, stockholders approved two amendments to the articles of incorporation in order, as the prospectus states, "to increase the marketability of the common shares."

The amendments revise the relationship between the common stock and the Class B common stock. One amendment improves the position of the common stock with respect to dividends, the other protects it from unduly rapid dilution through conversion of the Class B stock.

## Dividend Structure

Holders of the common stock are now entitled to receive dividends of \$2 a share before any dividends are declared or paid on the Class B common in any "current" year. In addition to this \$2 per share, holders of the common are entitled to participate equally, share for share, with the Class B stock in any further dividend distributions. This is quite different from the previous arrangement. Before the amendment was adopted, holders of the common were entitled to only \$1 a share before dividends could be paid on the Class B stock, and dividends on the latter could then be paid in an aggregate amount equal to the amount paid per share on the common. Actually, the Class B stock has never received a dividend, for the company has expanded rapidly and its dividend disbursements have been conservative.

The second amendment removed a cloud of uncertainty that affected the common stock because the Class B was convertible into the common, share for share, at any time. This conversion privilege could have had

a serious influence on dividend prospects, since the number of B shares outstanding prior to the recent financing was 417,800, as compared with 259,518 shares of common. The Class B stock is still convertible into common stock, but at a restricted rate. There are 350,000 Class B shares presently outstanding, against 427,318 shares of common. On or after January 1, 1952, a total of 50,000 shares of the B stock will become eligible for conversion, and an additional 50,000 shares will become eligible for conversion beginning with each January 1 thereafter. Eligible shares not converted in one year may be turned into common stock in any succeeding year.

The purpose of the recent stock offering was primarily to raise capital funds to help pay for the latest of many acquisitions of going concerns. In October, 1950, American-Marietta purchased the Master Builders Company for \$3,185,308, and borrowed \$1,500,000 from a bank to cover part of the purchase price. Proceeds of \$1,700,000 to be received by the company from 100,000 of the shares offered to the public were applied to retirement of the bank loan. The additional 50,000 shares included in the public offering were owned by Grover M. Hermann, president of the company.

## 37-Year-Old Firm

American-Marietta Company is an important manufacturer of paints, varnishes, lacquers and enamels, and of late has branched into the building materials field. The company originated in 1913 as a partnership established by Grover M. Hermann, and it was incorporated in 1930 under Illinois laws as the American Asphalt Paint Co. Prior to 1935 the company operated plants at Middlesex, N. J., and Kankakee, Ill., for the manufacture of asphalt base maintenance paints

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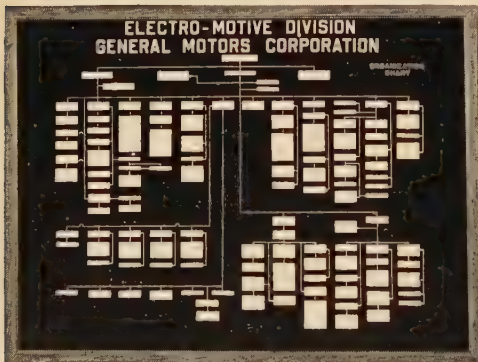
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sold under the trade name "Vadura." In 1935 the first of numerous acquisitions was made when the company purchased the Marietta Paint and Color Company, manufacturer of industrial finishes, primarily wood finishes for the furniture industry, and certain "trade sales" items. This company had plants at Marietta, O., and High Point, N. C. In 1940 the corporate name was changed to American-Marietta Company.

Since 1942 the company has acquired thirteen additional companies, but subsequently sold four of them. The acquisitions, with one exception, were effected by the purchase of all or a majority of the capital stock. As a result of this expansion American-Marietta now has 24 plants in the United States and four in Canada.

### Company Products

Products of the company and its subsidiaries now include so-called trade sales items sold for household use and for the maintenance of industrial buildings, various industrial finishes produced to customers' specifications, asphalt mastic building board, premoulded asphalt and fibre expansion joints for concrete pavements, asphalt pipe line shields, brick, tile, resins, and glues.

In the fiscal year ended November 30, 1949, approximately 40.6 per cent of total sales of the company and its subsidiaries was represented by trade sales items, 46.2 per cent by industrial finishes, and 13.2 per cent by other products. Important industrial customers include the automobile industry, radio and television manufacturers, railroads, and the office equipment industry.

The company has been active in research, and has noteworthy accomplishments credited to this activity. American-Marietta is believed to sell more resins and glues to plywood manufacturers than all of its competitors combined, and one large competing paint manufacturer now uses the company's synthetic resins. A special laboratory was set up in Cleveland to develop products for the use of General Motors. The company's principal laboratory is in Kankakee, Ill., and has a staff of 74 technicians.

American-Marietta got into the building materials field on a sizeable scale in November, 1949, when



control of the United Brick and Tile Company was acquired. United manufactures face brick, common brick, paving brick, hollow tile, drain tile, fireproofing tile, silo tile, and other ceramic products. United owns and operates ten plants — three each in Kansas and Oklahoma, two in Iowa, and two in Missouri. Its sales are largely in the industrial field.

#### Subsidiary Operations

Master Builders Company, the most recent acquisition, owns a plant in Cleveland and another in Buffalo, and a subsidiary leases a plant in Toronto, Can. Principal products are a chemical admixture that causes a better dispersion in cement and mortar, metallic aggregates for hardening concrete flooring, and a chemical iron used in the chemical and dye industry. Master Builders has the use, royalty free, of certain inventions owned by another company for the manufacture of chemical additives for use outside the cement manufacturing field.

Nearly all of the industrial finishes produced by American-Marietta and its subsidiaries are sold directly to manufacturers, while the trade sales items are sold to retail outlets by the company's own salesmen and through jobbers. The company currently operates 24 retail stores selling, in addition to its own products, wall paper, painters' supplies, and certain types of specialty paints manufactured by others. The stores are located in Iowa, Indiana, Kansas, Kentucky, Louisiana, Missouri, Nebraska, Ohio, Oklahoma, North Carolina, South Carolina, Texas, and Kingston, Ontario, Canada.

Trade names owned by the company include the following: American-Marietta, A-M, Valdura, Marietta, Sewall, O. P. W., Ferbert-Schorn-dorfer, Long, and Berry. Gradually, in advertising and through changes in labels, the trade names will be subordinated to these two—American-Marietta, and A-M.

Purchases of other companies and the postwar boom in industrial and construction activity boosted American-Marietta Company's net sales from less than \$5,000,000 in the 1941 fiscal year to a record \$37,686,000 in 1948. The 1948 figure does not include the Master Builders Company's sales of \$4,927,000.

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**Nickel      Brass      Copper      Electro Tin**

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*This is not an offering of these Shares for sale, or an offer to buy, or a solicitation of an offer to buy, any of such Shares. The offering is made only by the Prospectus.*

## American-Marietta Company

(an Illinois corporation)

150,000 Common Shares

(\$2 Par Value)

Price \$18.50 Per Share

*Copies of the Prospectus may be obtained from such of the undersigned as may legally offer these Shares in this State.*

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(INCORPORATED)

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In the twelve months to November 30, 1949, net sales, including Master Builders, totaled \$35,891,000. For the nine months to August 31, 1950 combined net sales totaled \$32,118,000, and sales for the full fiscal year are expected to be between \$42,000,000 and \$45,000,000. The company is reported to have a large backlog of unfilled orders. In products sold by the gallon the backlog is more than one million gallons as compared with a normal figure of about 500,000 gallons.

### Earnings Review

Earnings reached a peak of \$1,831,000 in the 1947 fiscal year (excluding profits of United Brick and Tile which earned \$304,000 in the calendar year 1947, and Master Builders which earned \$427,000 for the calendar year). A pro forma compilation, taking into account the earnings of United Brick and Master Builders, indicates 1947 fiscal year net earnings equal to \$5.54 per share on the 427,318 common shares now outstanding, 1948 earnings equal to \$4.55 per share, 1949 net of \$2.56 per share, and net of \$4.35 per share for the nine months to August 31, 1950.

Earnings for the full fiscal year to November 30, last, have been estimated at \$5.50 per share on the common. After allowing for the preferential dividend rights of the common stock and for the equal participation of the common and Class B stock in any further distributions, the portion of the estimated 1950 net income applicable to the common shares would be \$3.92 a share.

Capitalization of American-Marietta Company as of August 31, 1950, adjusted to reflect the subsequent financing, consisted of a 3 3/8 per cent sinking fund note due May 1, 1962; 41,625 shares of \$100 par value 5 per cent cumulative preferred stock; 427,318 shares of \$2 par value common stock, and 350,000 shares of \$2 par value Class B stock. The Class B shares are owned by the president of the company and members of his family. The company's shares are not listed on a stock exchange, but the common stock is traded in the over-the-counter market.

After paying dividends of \$1 a share on the common stock in the 1948 and 1949 calendar years, and



25 cents a share on February 1, 1950, the company increased the rate to 30 cents a share on May 1 and August 1, and to 40 cents paid November 1, 1950.

An unaudited balance sheet of American-Marietta and subsidiaries as of August 31, 1950, showed current assets of \$13,821,658, including \$2,433,176 cash and \$299,943 of U. S. government securities, while current liabilities totaled \$3,210,178. The Master Builders Company consolidated balance sheet as of September 30, 1950, indicated current assets of \$2,259,874, including \$1,258,839 cash, against current liabilities of \$712,569.

### Treasury Shifts Sales Pitch

(Continued from page 20)

ranging from Argosy to True Confessions to get more small savers into the bond-buying habit next year:

Farmer Charley L. Whatley and his wife, Emily, who now live on route 3, Cuthbert, Georgia, bought their first bonds in 1943 when Mr. Whatley, then 54, and Emily, then 47, were working for B. F. Goodrich Co. in Thomaston, Ga. Between them they were earning \$80 a week and putting \$20 of it into bonds, until the total came to nearly \$7,000.

Mr. Whatley, whose picture will grace the advertisement, will tell you what he did with the money when he cashed in the bonds: "\$4,000 bought us our 202 acre farm and a five room house. I also bought a brand new truck and Emily bought a refrigerator and an electric range. Our farm is paying out in crops and timber and Emily has time for tending her flowers while I spend my spare time on my hobby, which is bee-keeping."

Mr. Whatley will also add that he and Emily are holding on to \$1,800 worth of bonds for "peace of mind" and because "we don't believe that anyone should cash in his bonds unless he has to."

Treasury officials hope such thrift appeals as these will sell more bonds and also encourage people who have maturing bonds to hold on to them longer — for bigger and better things. Presently, however, bonds quit bringing interest after they reach maturity,



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*with room to* **GROW**



Above is the new plant of the Cherry Meat Packers Inc. producers of Cherry Brand Meats. This modern building recently completed in the Kenwood Industrial District occupies 40,000 square feet and it is planned that another unit of the same size will be constructed.

## KENWOOD MANUFACTURING DISTRICT

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PHIPPS INDUSTRIAL LAND TRUST — Owners

ten years after purchase. Unless something is done about that, holders of maturing bonds will be flocking to cashier windows as growing numbers beginning next year, though the peak won't be reached until 1954. That's what over \$7 billion worth of bonds will fall due.

Treasury people working on the problem of getting bond holders to keep matured bonds longer believe they soon will be able to announce plans for having such bonds continue to bear interest. In the works is a flat interest rate of three per cent a year on matured bonds. Whether this will be done by having old bonds exchanged for new ones, just stamping the old ones, or by some other method hasn't been worked out yet.

Other schemes for altering the terms of bonds to make them more attractive are not being considered too seriously, treasury planners say. Such schemes include a flat rate of interest to be paid on a bond from the very beginning so that the bond holder won't get less than the advertised interest rate if he cashes his bond in before maturity. Another scheme calls for a tax deduction for the part of the interest pay people save. Still another calls for a bond that fluctuates in value with the dollar by being pinned to some consumer price index.

The Treasury's objection to the flat interest rate is that more interest would have to be paid out and not enough incentive would be provided for bond owners to hold on to their bonds. The objection to the tax deduction for earnings that go into savings instead of being spent is that it would be too difficult to administer. Its objection to the fluctuating-value bond is that it would add to inflation instead of arresting it.

The only means they see that are left them: sell more of the small denomination bonds on thrift appeal through case histories and continue interest payments on matured bonds.

In the meantime, much ground is being lost. The large excess of cash-ins over sales of the past few months indicates that the fight even with the tried and true "Thrift" appeal, will not be an easy one to win while inflation fears exist.





## INDUSTRIAL DEVELOPMENTS

IN THE CHICAGO AREA

INVESTMENTS in industrial development in the Chicago Industrial area during November totaled \$5,137,500 compared with \$27,000,000 invested during October, 1950. Total investments for the first eleven months of 1950 were \$305,155,500 compared with \$96,000,000 for the same period a year ago. These developments included expenditures for the construction of new plants, additions to existing industrial buildings, and the acquisition of land or building for industrial purposes.

**Bell and Gossett Company**, Morton Grove, is constructing several additions to its plant. Engineering Systems, architects; City Wide Builders, general contractor.

**Fansteel Metallurgical Corporation**, 2200 Sheridan Road, North Chicago, refiner of critical metals such as tantalum and columbium, is expanding its reduction building. John Griffiths and Sons Company, general contractors.

**Chicago Metal Hose Corporation** of Maywood and Elgin is expanding its Elgin plant.

**F. W. Sickles Company, Inc.**, manufacturer of radio coils in Chicopee, Mass., has purchased a 78,000 square foot building in Joliet. Brown, Fleming and Storch and J. H. Van Vliissingen and Company, brokers.

**Towmotor Corporation**, Cleveland, Ohio, has purchased the 10,000 square foot building at 2940 E. 96th street. The company manufactures material handling equipment. Robert White and Company and William J. Venning, brokers.

**Tuttle and Kift**, 1833 N. Monitor street, manufacturer of special heating equipment, is building another one- and two-story plant. Olsen and Urbain, architects; Campbell

Lowrie and Lautermilch Corporation, contractor.

**Arthur C. Trask Company**, 4103 S. LaSalle street, processor of tanning materials such as sulphonated and processed oils, is expanding its plant by the addition of a boiler house and factory floor space.

**Club Aluminum Products Company**, 1208 W. Fullerton avenue, will construct a 25,000 square foot addition to its plant.

**Frazer Compost Company**, which operates a compost plant inside the Stock Yards, is adding floor space to its factory.

**Anderson Company**, manufacturer of automotive equipment in Gary, is adding a one- and two-story section of 30,000 square feet to its plant.

**Chicago Coin Machine Company**, 1725 West Diversey, is constructing another building on its premises. The structure will contain 18,000 square feet of floor space.

**Illinois Condenser Company**, 1616 N. Throop Street, is building a plant at 1300 W. North avenue.

**Borg-Erickson Corporation**, 351 E. Ohio street, has purchased the former plant of Peerless Tool and Engineering Company at Kilbourn avenue and Haddon avenue.

**Central Steel and Wire Company**, 300 W. 51st street, is constructing a 70,000 square foot building.

**Chicago Rawhide Manufacturing Company** is constructing an addition to the plant which it recently bought in Elgin. Illinois Hydraulic Construction Company, general contractor.

**Cornell Forge Company**, 666 W. 66th street in the Clearing District of Bedford Park, has purchased the plant which it occupied for some time under option.

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When you give the kind of security that comes with Prudential protection you give a lifetime gift. For here's a gift that renews itself each year with another full measure of peace of mind.

Give your family the lifetime gift — this Christmas and every Christmas.



### THE PRUDENTIAL Insurance Company of America

A mutual life insurance company  
Home Office Western Home Office  
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## A Drought Beside An Inland Sea

(Continued from page 14)

is not unique in this respect but in view of the peculiar situations surrounding the Chicago water works and its charges for service, the remedy is believed to be somewhat more practicable than it is for many communities.

"In support of this statement the following facts are believed pertinent:

- "1. Chicago pumps more water than any city in the world.
- "2. Chicago water rates are the lowest of the major cities of the country.
- "3. Chicago has at its door a water supply adequate for all time to come. It now has intake capacities double the normal day's requirements.
- "4. The Chicago water works has largely been built out of earnings. Of the total expenditures for construction aggregating approximately \$220,000,000, only \$44,000,000, or 20 per cent, is represented by outstanding debt.
- "5. Chicago has done a remarkable job in recent years in curtailing water waste and in selling water previously unaccounted for. The 1949 pumpage was approximately the same as that for 1929 but while continuing to serve about the same number of flat rate consumers, the sales to metered consumers increased by 40 per cent, and the metered revenue by nearly \$5,000,000 a year. This is a remarkable demonstration of increased efficiency.

- "6. Chicago could increase its water rates 50 per cent and not affect the average family more than one cent per day.
- "7. Since the beginning of the war the cost of living has risen approximately two-thirds, railroad transportation costs are up about 50 per cent, the all commodity index has increased approximately two-thirds, the cost of transportation under the Chicago Transit Authority has increased approximately two-thirds, and it is unreasonable to assume that the cost of water in Chicago cannot be

increased any amount necessary to procure the funds essential to the further development of the water system to meet all reasonable requirements."

Increased rates for city users are inevitable, but three other steps are also generally recommended to improve the situation. One is to obtain a higher rate on water sold to suburban communities and other users outside the city. Another step is the metering of a larger portion or all of the users within the city. The third recommendation is that the water department should be relieved of responsibility for contributing to the support of other departments or functions of the city government. Chicago's Commissioner of Public Works Oscar Hewitt has still another proposal that would improve the water revenues. He advocates the extension of city mains to all major communities within a radius of 40 miles of Chicago that do not already get Lake Michigan water and an increase in the rate for this service to a level that will cover the cost.

### Metered Users

For the last fourteen years the proportion of water users whose consumption is measured by meter has changed by less than one percentage point. At the end of 1949, the total number of water connections within the city was 434,552, of which only 120,850, or 27.81 per cent, were metered. At the end of 1935 the percentage of meters was just above 27 per cent. The remaining 313,702 connections as of the end of 1949 were to users paying the flat charge. A city ordinance requires that all manufacturing, industrial, and commercial users of water, all residences for four or more families, and, in general, all users whose bills would amount to \$35 per year or more on the assessed basis, must have meters.

Statistics of the water department indicate a large waste of water by the flat rate consumers. In 1949, for example, the metered customers used 48.5 per cent of the water consumed in the city but they paid 77.14 per cent of the revenue re-

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received from city customers, or \$13,15,858 as compared with \$4,035,426 paid by the flat rate customers. The water department makes inspections and tests to discover and eliminate waste, but it is difficult to do a very thorough job when there are 13,702 connections to be investigated.

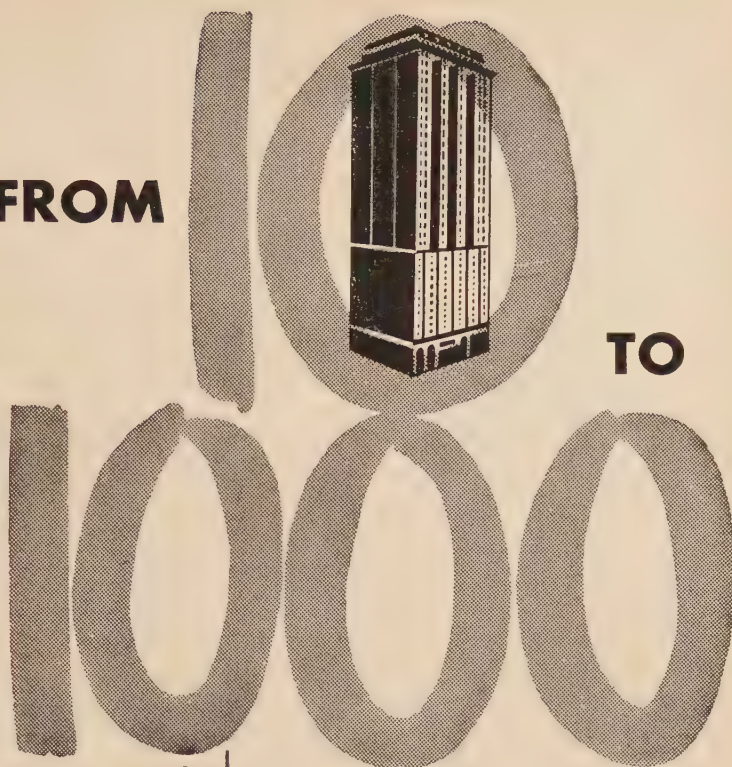
Last year the water department paid \$2,770,000 to help support 13 other city departments or functions, including 86 per cent of the expense of the sewer department, 25 per cent of the cost of operating the City Hall, 18 per cent of the law department's expense, and so on. These percentage assessments are established by a city ordinance, and are justified on the grounds that these other departments perform services for the water department. In view of the city government's need for additional revenues, the prospect that the water department will be relieved of supporting other branches of the government are considered remote.

### Water Wholesaling

An increase of 50 per cent in the rate charged outlying communities that buy water from Chicago would bring in an additional million dollars a year. Chicago now sells water directly to 37 other municipalities, and indirectly to 11 others. In some instances the water is resold several times, at rates that go as high as 50 to 60 cents per thousand gallons. For example, Chicago sells to Harvey, which in turn sells to Markham, which sells to Hazelcrest, which sells to East Hazelcrest. The average daily consumption of Chicago-supplied water by communities, industries and other users outside the city, was 67,833,000 gallons in 1948, as compared with 904,529,000 gallons within the city.

Commissioner Hewitt and others who have planned ahead for the water needs of Chicago and the important communities lying within a radius of about 40 miles of the city would like to see steps taken immediately to supply Lake Michigan water to these communities. Many of the suburban areas depend on deep wells that once flowed above ground. But with increased drilling and the heavier use that accompanied the industrial and population expansion of the area, water levels have receded steadily

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and pumping costs have risen sharply. The problem is not primarily one of availability of supply, for the underground water supply is vast. However, the progressive increase in pumping costs with each foot that the water level recedes makes the economic problem a serious one.

One of the deepest pump settings in the Chicago area is at the Corn Products Refining plant at Argo, where equipment has been operated 800 feet below the surface. A few weeks ago, however, Corn Products arranged to obtain water from the City of Chicago, through suburban Bedford Park, in order to conserve the cool well water. The company now uses both sources.

At a symposium on the "Chicago Area Water Supply" presented before the Western Society of Engineers in Chicago, A. M. Buswell, chief of the Illinois State Water Survey, declared that in the last 60 years there have been nine investigations of the feasibility of distributing Lake Michigan water to communities surrounding Chicago, and without exception they have shown that this is economically

practicable. "The desire for local autonomy and plain inertia have been major forces contributing to the rejection of each of these plans," Buswell said.

#### New Water Districts?

Various proposals have been made for bringing Lake Michigan water to the suburban communities, including the organization of private companies that would undertake to provide this service. The Illinois legislature in 1945 enacted a law authorizing the creation of public water districts anywhere in the state, with authority to issue revenue bonds. Commissioner Hewitt, who is opposed to the creation of another governmental body, contends that Chicago can provide water to the suburbs more economically than they can obtain it from any other source. Chicago's present intake and tunnel facilities are sufficient to carry the increased load, and the only additional equipment required would be mains to the suburbs, booster stations, and reservoirs. Under present laws, Chicago is not permitted to extend its mains beyond the city limits,

although every city in Illinois may do so. More than three years ago Hewitt made public a plan for supplying Lake Michigan water to every municipality of any size within a 40-mile radius of downtown Chicago, excluding those communities already getting their water from the lake.

A major point in favor of Chicago-supplied water for the suburbs is the fact that a portion of the water is now filtered and it is planned to give similar service to the rest of the city. The water supplied to the south part of Chicago and to some outside towns is treated at the 79th Street Filtration Plant. Another plant is proposed to take care of the central and north portions of the city. In 1944 it was estimated that the second filtration plant would cost \$61,700,000, but the cost is now placed at 80 or more millions.

Chicago is vitally interested in the welfare of its suburban and satellite towns, but it can't afford to worry about their water problems at this time. Chicago has a water problem of its own, and it is a serious one.



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# TRANSPORTATION and TRAFFIC



**E**ASTERN railroads are preparing a petition for filing with the Interstate Commerce Commission, requesting authority to increase freight rates and charges a straight four per cent. Exceptions are coal rates on which an increase of 12 cents per net ton or 13 cents per gross ton will be asked. The railroads will request that the rate boost become effective immediately and that it apply on all rates and charges within Official territory and interterritorially to and from Official territory and between Official territory and Canada. The proposed increases would be applied to the total freight bill charges instead of the individual rate factors. The rate hike is to offset rising material costs and pending wage increase demands, estimated in excess of \$800 million annually.

**Hearing Set On Parcel Post Rate Boost:** The Interstate Commerce Commission has announced that hearing on the increases in 4th class mail (parcel post) rates proposed by Postmaster General Donaldson, has been set for December 5 in Washington, D. C., before Commissioner Mitchell and Examiner Rice. The proceeding has been designated as No. 30690, Increased Parcel Post Rates, 1950. The supplemental appropriation act for 1951 withheld money appropriated for the Post Office Department until the Postmaster General had requested authority from the Interstate Commerce Commission for an increase in parcel post rates. The table below shows the present and proposed rates for a one, 10 and 70 pound package for local, zone 5 and zone 8 deliveries:

	1 Pound		10 Pounds		70 Pounds	
	Pres.	Prop.	Pres.	Prop.	Pres.	Prop.
Local	.10	.15	.19	.27	.64	1.02
Zone 5	.15	.21	.69	.82	3.99	4.87
Zone 8	.18	.27	1.22	1.53	7.97	9.93

Also proposed is an additional charge of not exceeding 25 cents

on parcels which because of size must be handled outside of mail bags and an added charge of not exceeding 50 cents on packages weighing more than 50 pounds.

The Chicago Association of Commerce and Industry will recommend establishment of parcel post rates sufficient to cover costs, these rates to be determined under sound commercial accounting practices.

**C.A.C.I. Asks Denial Of Petition For Motor Rate Probe:** In a reply filed recently, the Chicago Association of Commerce and Industry requested the Interstate Commerce Commission to deny the petition of Central States Motor Freight Bureau, seeking a general investigation of motor carrier rates and charges in Central Territory. The carriers' petition asks that the investigation embrace the rates of both common and contract motor carriers and further requests the commission to enter a minimum rate order which in substance would result in motor carrier minimum rates and charges based on the current rates and charges maintained by the railroads. "The mere fact that the rates and charges of one mode of transportation may be different than that of another mode of transportation does not in and of itself indicate that the rates maintained by either one or the other are in any way unlawful," the C.A.C.I. stated. "If some particular rates are lower than petitioner believes they should be," the reply added, "the procedure provided for by the Act (Interstate Commerce Act) can be employed to bring about necessary correction. To accede to petitioner's request and institute a general investigation would shift the burden of proving any unlawful situations that may exist from the petitioner to the Interstate Commerce Com-



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TIME AND MONEY**

Write or phone *today* for your copy . . . find out how business concerns, large and small, have profited by Lien's Specialized Washroom Sanitation Service.

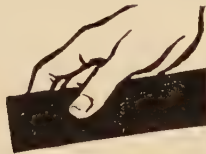
Pardon Me Please, outlines a sixteen point program guaranteed to reduce washroom Sanitation Maintenance costs — increase customer and employee good will.

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mission and if the prayer for a minimum rate order as requested by petitioners were granted, it would deprive the public of the inherent advantages of each form of transportation contrary to the National Transportation Policy and the specific provisions of the Interstate Commerce Act." The carriers' petition was later denied by the commission.

**Suspend Increased Demurrage Charges on Refrigerator Cars:** The increased demurrage charges imposed under Interstate Commerce Commission Service Order No. 865 have been suspended on refrigerator cars until January 16, 1951. The suspension was made through Amendment 3 to the order, which became effective at 7 a.m., November 16. Service Order No. 865 was issued effective September 20, 1950, and raised the demurrage charges for detention of all railroad freight cars to \$5 per car per day for the first and second day; \$10 per car per day for the third and fourth

day; and \$20 per car per day for each succeeding day.

**Oral Argument in Class Rate Case December 18:** The Interstate Commerce Commission will hear oral argument in Docket No. 28300, Class Rate Investigation 1939, beginning December 18 in Washington, D. C. As it is necessary in considering the rates proposed that they be related to some classification, parties may in their presentation refer to and base their arguments upon: (1) the present classification in any of the territories, having in mind application of the percentage relations found to be just and reasonable in an earlier report in the proceedings; (2) the classification submitted by A. H. Greenly on August 17, 1950 in Docket No. 28300; (3) the modification of this classification as shown in the exhibit filed on behalf of western carriers on October 14, 1950; and (4) any combination of the foregoing.

## These "Taste-Testers" Have Eyes On Profits

(Continued from page 19)

(which restrict flavor transfer from one food to another) and army rations have been improved by the new methods.

One of their virtues is speed. A new product can be put through consumer acceptance tests in a few days. Remember that innovation called "army spread" that made its appearance early in World War II? It was a spread for use in the tropics and was made by combining butter, cheese and other ingredients. Soldiers dubbed it "axle grease", while "experts" thought the product tasted good. Today, that type of product would be put through the flavor laboratory at the Food and Container Institute and almost surely be turned down. Millions of pounds of "army spread" had to be used for cooking and other purposes in World War II because soldiers wouldn't eat it.

Accurate flavor measurement makes it possible to come close to duplicating other smells and odors. This has led to the development of such products as "new car smell." Odor experts did a sniffing job on new cars and found that they had a characteristic odor made up of

paint, rubber and upholstery. So they duplicated that smell and now sell the resulting product to used car dealers who spray it on second hand cars to give them extra sale appeal.

Another firm has a "fresh bread smell". It's sold to bakeries for spraying on the waxed paper they wrap their loaves in so they'll smell like the kind grandmother used to bake.

This type of research has even led to mushroom flavor without the expense of ordinary mushrooms growing. A mold, grown like penicillin, has been found that tastes precisely like mushrooms, according to A. D. Little men.

Canners can cut the amount of pepper, onions and garlic in chili by 30 per cent yet get a product with an even stronger peppery flavor than they had before, research A. D. Little did for International Minerals and Chemical Corp. indicates. The altered chili also tastes better because entirely new flavor elements appear. A few pinches of International's flavor enhancing material, Monosodium Glutamate, performs the feat.



Things flavor researchers have learned also help out in trouble shooting. Typical of the jobs of this type is one A. D. Little scientists did for a meat packer. Customers had returned a number of pork loins because they smelled bad. By measuring the offensive odor, A. D. Little men quickly discovered the loins smelled like creosote. More professional sniffing showed the cases the loins had been shipped in had the same odor. Tracing the cases back to their source, it was found they were made of a green wood, sprayed with a chemical that

smells like creosote, to keep away mildew.

Seagrams' top odor researcher, Dean Foster, has discovered that you can detect different odors without being able to taste. In the course of his work he has also made these collateral discoveries; brunettes don't necessarily have keener noses than blondes; the favorite smell of children is spearmint; adults prefer rose-like aromas; and the most unpopular of all smells is the skunk and rubber combination used as a warning odor in cooking gas.

that armed invasion will be combatted with force.

These successes, however, do not justify the assumption that we have made war unlikely. The most effective deterrent to war today is the threat of retaliation. Yet if we would deter an aggressor, it is not enough that we threaten him with retaliatory attack. Instead we must also deny him his immediate objectives upon the ground. For if those objectives could be overrun to provide him with additional resources, they might warrant his risking war even in the face of retaliation.

Nowhere is this more likely than in Europe — a vast industrial treasure that an aggressor might willingly risk disaster to secure. It is in Europe that communist imperialism must ultimately resolve the decision as to whether it shall seek expansion through conquest or seek accommodation with the free world. Knowing this the communists have conspired to distract the American people from their commitment to the defenses of free Europe. To circumvent the superiority of American resources, they

## The Case for the "Middle Road"

(Continued from page 15)

though rivalry complicates the individual lives of all mankind, we would prefer that it need not blight so sacred an institution as the nation-state. Too many Americans have draped the world in a chintzy illusion of brotherhood, believing that nations can outlaw struggle over a friendly cup of tea.

It was in 1946 that the United States declared it could no more

abstain from the world struggle in peacetime than it could ignore it in war. With the Truman doctrine we blocked for the first time a rival power with power to initiate a new spirit of resistance in the free world. Within four years we have not only reconstructed the free world's will to resist coercion, but have also forewarned aggressors

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have endeavored to panic us into a strategy of exhaustion. They would have us flit from alternate crisis to crisis between the east and the west.

However devious these tactics of distraction may be, we shall not be diverted from Europe, the theater of decision. Communist successes elsewhere might alarm the free world; in Europe, they could destroy it.

While the United States can underwrite the preliminary costs of Western European defenses, it cannot permanently endow the security of the non-communist world. The European will to resist can be fortified by military aid, but it cannot be purchased by American dollars. However liberally we contribute to the common defense, in the last analysis Western Europe shall be defended primarily by the Western Europeans.

Any nation that would claim the right to pool its defenses must demonstrate its good faith by sharing fairly to the limit of its resources in the common defense. If a people merit freedom, they will spend generously to preserve it.

### Supply Sources

To defeat an enemy by crushing his home sources of supply, it is essential that we prevent him from acquiring new ones. Unless Western Europe is adequately defended, an enemy might overrun its industrial plant and readily supplant its own logistical sources by those acquired through conquest.

For that reason, the decisiveness of strategic air power is dependent upon the ability of ground armies to withstand an aggressor and limit him to his own home sources of supply. Since those ground forces are dependent upon the Navy for their logistical support, air power becomes no less dependent upon

seapower than are the allied land forces in Europe.

By the same token both are similarly dependent upon strategic air power. However speedily we recreate Atlantic community land strength and its supporting sea power, we shall never mobilize manpower to withstand communist aggression unless air power can demolish the enemy's logistical sources and limit his armies to what they might have accumulated in stockpiles. Thus if the Western world would deter Soviet aggression, it must not only build up the land and sea strength of the North Atlantic community, but also offset the superiority of Soviet land strength with a comparable superiority in strategic air power.

### Needed: Plain Talk

If the people are honestly informed of the tasks and dangers they face, they will respond with resolution. If assured that power wisely employed may spare them eventual war, they will exert the effort, endure the sacrifice, and show the constancy power requires.

But if we would panic them with exaggerated reports of communist military strength, confuse them by doubling our requirements in hopes of securing half, lead them blindfolded step by step for fear blunt truths may shock them, then they may hesitate when boldness is needed for lack of confidence and understanding.

As never before this is a time for honesty and faith in the American people; a time for hard truths, a time for clear facts, a time for plain talk on what power will cost.

Given these, they shall willingly do what is needed.

(The foregoing article is digested from a speech delivered by Gen. Vandenberg before the National Association of Radio News Directors in Chicago.)

## Is The U. S. Arming The Reds?

(Continued from page 22)

the watchdog staff as an excess of bureaucratic zeal. For one thing, the Russians don't use duckfeathers in uniforms and wouldn't want them anyway. For another, even if they did, they would find them close at home, since there is scarcely a hut in the Soviet Union which

doesn't have a flock of ducks as part of the family livestock.

Still another watchdog suggestion has been that ECA and other agencies help the Commerce Department in its assigned function of policing improper exports. Commerce has only a limited number of overseas



employees available to do the work. Tightening up of controls, however, still does not touch the problem of trans-shipment of embargoed goods through free ports of Europe. On this, Administration officials just throw up their hands. It would mean a customs policing job for foreign countries of a magnitude beyond the point of profitable return.

The watchdog committee is inclined to agree, but it had some remarks to make in a recently issued report:

"Effective direct control in this field clearly depends upon the unanimous action of many coun-

tries and hope of that had better be abandoned, at least for the immediate future."

Serious assessment of all factors in the situation indicates that Congress is right in prodding ECA into being more alert to the prevention of war-making shipments from Marshall Plan countries. But Wherry's proposed remedy is very drastic. It would require a cutting off of trade that would have disrupting economic effects.

The compromise amendment, while it really added nothing to the intent of the original law, promises to have a good effect in tightening up on control henceforth.

### Everybody Loves State Street

(Continued from page 17)

away after a closer study of the competition they would face on State Street.

Nevertheless, competition is orderly on State Street. By mutual agreement, its merchants have outlawed such inelegant attention-getters as (1) store front loud speakers, (2) noise makers, and (3) live models — both animal and human — in shop windows. When a State Street establishment inadvertently violated the agreement not long ago by having young ladies attired in fur coats parade through its windows, the infraction was quickly spotted by a neighboring store and within an hour the errant mannequins were banished — with apologies.

An analysis of State Street's continuing prosperity could scarcely overlook the fact that the street has been booming during a period marked by ominous forecasts of the eventual extinction of mid-city shopping areas. The argument is familiar to everyone: shoppers are swinging more and more to the convenience of suburban buying, and sooner or later downtown shopping centers will become ghosts of a bygone era. State Street is well aware of the nationwide trend, but as yet no one has become fidgety about it. Community shopping in metropolitan Chicago has been growing rapidly (partly abetted by branch stores of State Street concerns), but business along the big street has been growing just as rapidly — if, indeed, not more rapidly.

Nor has the street been seized with middle-age slow down. In the five years since the war — when viewing-with-alarm over the community shopping trend has been the strongest — State Street has carried out the biggest capital investment program in its history. At the end of the war, its merchants estimated they would spend \$25,000,000 on new construction and renovation by 1950. They actually have spent nearly double that figure. The five-year building boom has brought a number of notable additions to the street, among them the second largest F. W. Woolworth store in the world and ultra-modernistic new clothing stores built by Baskin Clothing Company and Bond Stores. By far the biggest post-war investment in State Street has been the conversion of the 17-story Boston Store into the multiple-occupancy State-Madison Building, which now houses more than 30 retail concerns on its lower floors. The two-year conversion job was probably the biggest undertaking of its kind in history.

If there is a single key to State Street's prosperity, it is perhaps the sheer fascination of bigness. The combination of churning crowds, resplendent shop windows and vast acres of tempting merchandise is, after all, the real lodestone that draws visiting conventioners from Phoenix and Philadelphia as well as suburban housewives to State Street.

Happily for the street, succeeding generations of merchant princes



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have been steadfast in their determination to maintain the thoroughfare as the preeminent shopping show place of the Midwest. Architecturally, State Street is something short of inspiring. It lacks the elegance of New York's Fifth Avenue and the grace of London's Regent Street. But what State Street lacks on these esthetic counts, it has more than made up in skillful retail showmanship — its primary stock in trade for more than a century.

Much of this showmanship has

its taproots in the individualism of State Street's original founders. Historians have noted that it was largely due to the efforts of an enterprising New York-born Quaker, Potter Palmer, that retail trade settled down on State Street. Originally, frontier trade in Chicago began developing east and west along Lake Street. It was Palmer's idea that Chicago's logical axis was north and south along State Street and, sensing the profit potential if the hunch was correct, he began

buying up frontage along the muddy, unevenly-planked street in the 1850's. One of the most energetic real estate promoters of all times, Palmer spent most of his life-time championing State Street. He induced his one-time business partner, Marshall Field, to transfer his thriving young dry goods house from Lake to State Street and later he helped in bringing such celebrated merchants as Leon Mandell, John Pirie, Charles D. Peacock, Charles Netcher (founder of the Boston Store) and Abram Rothschild to his rapidly developing thoroughfare.

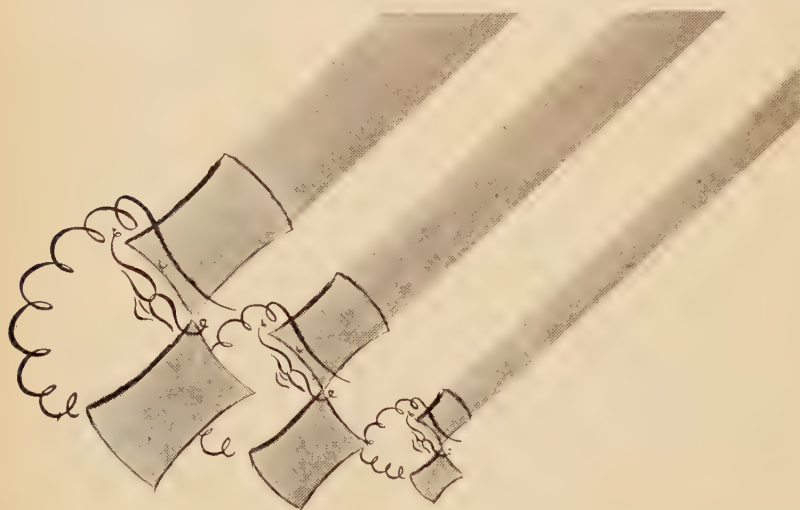
Palmer at one time widened the street virtually single-handedly by contributing outright a long strip of his own property to the city. When the street was struggling to raise itself from the smoking ruins of 1871, Palmer — by then one of the wealthiest men of Chicago — helped bail out more than one of its near-bankrupt merchants.

#### Transportation Edict

Marshall Field, who shared Palmer's determination to maintain the street as the heart of Chicago's retail trade, long insisted that all public transportation systems terminate or proceed along State Street. With few exceptions, this unwritten law has been observed down to the present day, the subway being the most recent major addition to the street's public transportation facilities.

Another Field theory was that the American family of means should not be required to travel to Europe for outstanding merchandise — as was the custom of gentlemen a century ago. Instead, Field believed the wares of the world's markets should be sought out and brought back to this country. He put the theory into practice when he sent his brother, Joseph Field, to England to establish the first overseas buying office of an American department store.

Today, Field buyers comb most of the non-Communist world for rare merchandise. The store is among the largest importers of furniture and antiques, and may very well be the largest importer of toys. Mechanical animals standing four and five feet high are only a few of the fabulous variety of toys that come to the store from Germany, England and France. Among



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its 73 acres of shopping area can be found works of art (an Albright painting recently sold at Fields for \$7,500) and such curiosities as \$10,000 necklaces and \$5,000 bracelets designed by Salvador Dali.

State Street's oldest concern (but which moved into the street after Fields) is 113-year-old C. D. Peacock, Inc., which derives its name from the son of the founder, Elijah J. Peacock. Elijah, the son of an English watchmaker, came to Chicago with a small inventory of European-made watches and soon began a brisk trade replacing the enormous timepieces of the frontier town. Later, California gold found its way into Peacocks in the form of delicate watches and ornamental jewelry. In the heyday of ostentatious jewelry buying, Chicago's carriage trade bought \$200,000 pearl necklaces, \$50,000 solitaire rings and solid gold dinner sets at Peacocks. Although such items have gradually been dropped from the store's regular inventory, Peacocks still sell a \$50,000 necklace now and then. The interior walls of the store are lined with stately Grecian marble, contributing to the atmosphere of Nineteenth Century elegance which still pervades the venerable institution.

State Street Council

Although individualism is deep rooted in State Street, there is nevertheless a high degree of cooperation among its merchants on matters involving the general well-being of the street. The focal point of this cooperative spirit is the State Street Council, organized in 1929 to promote — in the broadest sense of the term — both the short and long term interests of the street.

The council has proceeded to eliminate a number of minor annoyances of the street. As a result of its efforts: (1) through trucks have been barred from the street, (2) a nickle shuttle bus service connecting the street with lakefront parking lots has been established, (3) the street's once-ugly newsstands have been refurbished, (4) the erection of overhanging signs along the street has been prohibited, and (5) regulations against live models, noise makers and loud speakers have been rigidly enforced. The council recently drafted a proposed ordinance banning "contin-

uous auctions" — a form of retailing that has crept into State Street in recent years.

The council's most spectacular undertaking is its Christmas promotion, which this year is costing a hefty \$80,000. This represents the cost of decorating the street's 86 light poles (which, incidentally, make State Street the best illuminated street anywhere) with giant-sized Mother Goose figures interspersed with huge candy canes, providing outdoor Yuletide music, and staging a gigantic Santa Claus parade marking the November 18

opening of the street's toy departments. The promotion is obviously well worth the cost. Last year, half a million people witnessed the spectacle in person and several million more saw the parade on television and newsreels.

In addition to promoting other seasonal events ranging from Easter to "Straw Hat Day," the council for the past two years has been reaping a harvest of nationwide publicity for the street as the result of a series of shopper surveys. With the help of a market research firm, the council has canvassed a cross-section



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of Chicago housewives, teen-agers and "career girls" on an astonishing variety of matters ranging from the working girl's preferences in lingerie to more or less intimate details of teen-age night life.

The surveys have turned up such fascinating memorabilia as: (1) the typical Chicago housewife is 37½ years old, weighs 140 pounds, has been married 18.8 years and inveigles her husband into helping with the dinner dishes, (2) the typical teen-age girl wants to marry at

21.1 years and have three children, and (3) the typical "career girl" is more interested in love and a future home than present job. Such revelations have produced headlines throughout the country; findings of the teen-age survey were recorded in more than 500 newspapers carrying State Street's name from coast to coast.

Along with this newsworthy data, the surveys also provide more prosaic information regarding buying habits and merchandise preferences

of the various groups of shoppers. Somewhat unexpectedly, this has provided State Street merchants with valuable source material for individual store promotions, although it was designed only to provide background material in planning council-sponsored style shows aimed at each of the shopping groups surveyed.

While State Street merchants, independently and through the council, have been working on such short range campaigns for keeping customer traffic booming, they have also been occupied more and more in recent years with the street's larger problems. These problems involve not so much the street itself as the civic welfare of the whole city. Although suburban shopping has yet to jeopardize State Street's prosperity, it nevertheless stands as a threat that cannot be ignored.

#### Housing and Parking

Thus, although the council was organized as a promotional agency, its 23-member board of directors (headed by Chairman Joel Goldblatt, president of Goldblatt Brothers) and its first full-time paid president, Randall H. Cooper, are deeply concerned today with providing adequate parking facilities for downtown Chicago, improving the city's transportation facilities, and bettering housing conditions in the city-wide area from which State Street draws the bulk of its customers. Many of these neighborhoods have been declining while the city's suburbs — farther removed from State Street — have been growing.

The council's "Area Improvement Committee" has been cooperating closely with other civic organizations to improve housing throughout Chicago. One fruit of this joint campaign was the recent announcement by the New York Life Insurance Company of its intention to build 1,288 family units in Chicago's near South Side — as the council noted to its members, only 31 blocks from State Street's shopping heart.

The council has also jointly financed a \$60,000 study of the city's parking problem conducted by the Chicago Association of Commerce and Industry, which has resulted in a concrete program for making the downtown area more accessible to shoppers travelling by automobile. All told, the council



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2941 W. Carroll Ave., Chicago 12, Ill.  
NEVada 8-7030

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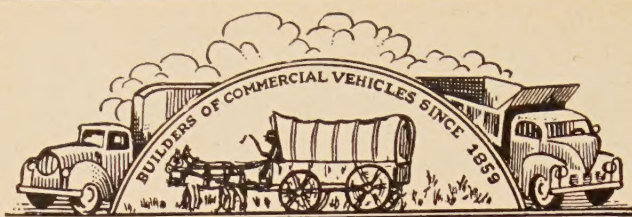
**COMMERCE Magazine**

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1859

1950



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has spent more than \$100,000 on such long range city improvement programs since the war — plus uncounted hours of effort on the part of the street's leading merchants.

Although State Street has long since lost its frontier main street appearance, the spirit that built the street has not been lost in the transition. Its merchants are embarked in a costly and complex campaign to keep the thoroughfare flourishing despite the problems that big city congestion and outwardbound population movements have unavoidably produced.

As Council President Randolph Cooper explains it, "The American economy has just recently come of age. Our cities are getting older and beginning to reveal dead timber. European cities began decaying years ago. Hence, we have come to the point where every major American city must set about rebuilding itself. Much is at stake. Our total business and investment is here in the heart of the city — and we are determined never to let the heart of Chicago decay."

## Trends In Finance and Business

(Continued from Page 10)

it has found that such workers cannot more than hold their own on the production front. In general, they are less inclined toward absenteeism, their productivity declines very gradually, they have fewer accidents and injuries than younger workers.

The institute's findings are contained in a university bulletin, entitled "Who's Too Old to Work?", which points out that an organized campaign for the employment of older workers is beginning to bear fruit. A number of companies are individually behind the campaign, and the government is helping partly through its efforts in publicizing the employability of older persons and partly through policies aimed at hiring as many older people as possible in a number of government agencies.

As a result, the labor institute believes, "A realistic principle of personnel policy is becoming accepted — that the degree and quality of individual ability at any age is more important in relating men to jobs than the use of exact chronological age."



# CAN YOU USE HELP

*In Relating Your Business*

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The Chicago Association of Commerce and Industry is daily answering scores of questions from its members concerning:

**Government Contracting**

**Selective Service Deferments**

**Reserve Deferments**

**Plant Protection**

**Production Regulations**

**Price Control**

**Transportation Regulations**

**International Trade Controls**

**Renegotiation**

**Credit Controls**

On these and related problems the Association has extensive information and is equipped to give comprehensive help. Texts of many governmental orders are available upon request.

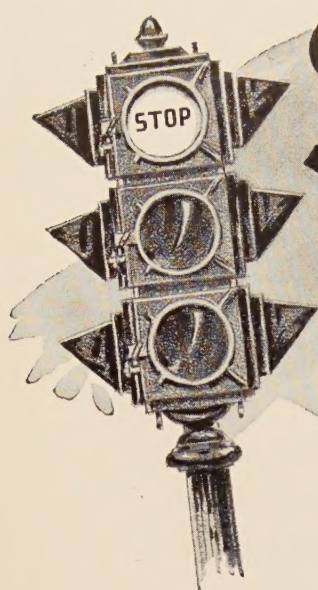
For help, telephone, write or visit Association headquarters.

THE CHICAGO ASSOCIATION OF COMMERCE  
AND INDUSTRY

One North LaSalle Street

FRanklin 2-7700





# STOP ME-IF—

A girl applied for a job as a stenographer and they gave her a test in spelling. "How do you spell Mississippi?" she was asked.

"The river or the state?"

\* \* \*

The first Adam-splitting gave us Eve—a force man has never been able to control.

\* \* \*

A male nurse in a mental hospital noticed a patient with his ear close to the wall listening intently. The patient held up a finger as a warning for him to be very quiet; then beckoned him over and said:

"You listen here."

The nurse put his ear to the wall and listened for some time, then turned to the patient and said: "I can't hear anything."

"No," said the patient, "and it's been like that all day."

\* \* \*

Son — "Pop, why do they rope off the aisles at weddings?"

Papa — "So the bridegroom can't get away, son."

\* \* \*

A group of Chicagoans were showing a visiting Texan the town. "What do you think of our stock yards?" they asked.

"Man, we got brandin' corrals in Texas bigger'n this."

"Well," they asked further, "what do you think of the imposing skyscrapers of the Chicago skyline?"

"Why, man, we got tombstones in Boot Hill bigger than those."

That night they put a brace of snapping turtles in his bed. When he turned down the covers and asked what they were, he was told, "Illinois bedbugs."

He peered at them a moment, "So they are," he agreed. "Young 'uns, ain't they?"

\* \* \*

Lecturing his son who had been avoiding school, the father asked sternly, "What do you mean by playing truant? What makes you stay away from school?"

Replied the son, "Class hatred, father."

The Sunday-school teacher carefully lined up the four little "cherubs" who were in the Christmas program. Each child carried a letter. As they stood side by side, the letters would spell "star." A mix-up occurred, and the congregation had a hard time restraining itself when the little performers took their places — in reverse.

\* \* \*

"So you and Charlie are married. I thought all the time it was just going to be a flirtation."

"So did Charlie!"

< < > >

The new elevator man went to his boss and asked to have the day off to help his wife with the housecleaning.

"Jim, I am always glad to grant any reasonable request," said the boss, "but your wife has 'phoned and said she would not need you."

"Mr. Jones," replied Jim. "There are two persons in this building who handle the truth loosely and I am one of them. I'm not married."

The bill for his lunch in the dining car was \$1.45 and the diner pulled out two one-dollar bills. The waiter brought, in change, a 50-cent piece and a nickel. The guest looked up at the waiter, who gazed solemnly at the change tray. With a grunt of annoyance, he pocketed the half dollar and, to his astonishment, the waiter grinned widely.

"That's all right, sir," he chuckled. "I just gambled and lost. Just gambled and lost!"

\* \* \*

Cop — "Have you any explanation for wandering around drunk at this time of the night?"

Drunk — "Shay, if I had an explanation, I'd have faced my wife an hour ago."

\* \* \*

Employer: "Who told you that you could neglect your office duties just because I kissed you once in a while?"

Steno: "My lawyer."

\* \* \*

"Mama," asked 7-year-old Clara, "What does transatlantic mean?"

"Across the Atlantic, of course," replied her mother. "Trans always means 'across'."

"Then, I suppose," continued Clara, "that transparent means a cross parent."

\* \* \*

A drunk after imbibing a prodigious quantity of liquor, attempted to blow out a candle, whereupon his alcohol-saturated breath burst into flame. Shaken by the experience the man begged his wife to bring him the family Bible, muttering, "I gotta swear off." Placing his hand on the Bible, he intoned — "Before Heaven, I swear never again will I blow on a lighted candle."



"Now if you'd like to try for the \$25 question — guess who's dog bit whom!"